ALBERTA TRANSPORTATION **ANNUAL REPORT** 2002-2003

Alberta
TRANSPORTATION

104-02415/

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Public Accounts 2002 - 2003

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 24, 2003 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Transportation contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2003, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 8, 2003 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Ed Stelmach
Minister of Alberta Transportation

The 2002-03 fiscal year represented another challenging time for Albertans and Alberta Transportation.

Still affected by the political and economic fallout from the September 2001 terrorist attacks, Albertans then faced extreme weather conditions in 2002 resulting in droughts, floods, and forest fires. Fortunately, Alberta's economy remained strong during the year and the province was able to absorb these blows. Once again, Albertans' resilience and strong work ethic helped overcome these difficulties.

Fiscal challenges aside, the Ministry achieved many things during the year. One such accomplishment was forming the Council of Western Provincial Transportation Ministers in the summer of 2002 with my colleagues from B.C., Saskatchewan, and Manitoba. The council's first steps were harmonizing some trucking rules to make it easier for goods to move between the provinces. The council also spoke with a strong, united voice on issues of mutual concern. I'm confident this continuing co-operation with my western colleagues will benefit residents in all the western provinces.

Alberta Transportation experienced an uncertain 2002-03 due to fluctuating provincial revenues. The department reduced grants to municipalities in its budget, but later restored grant levels to Premier's Task Force on Infrastructure levels thanks to better-than-expected results during the fourth quarter of 2001-02. This surplus was carried forward into 2002-03 and allowed Alberta Transportation to fully fund our municipal grant programs.

The province's volatile revenue stream demonstrated the need to provide stability and predictability to government budgeting and financial management. The government struck the Financial Management Commission to explore this issue during 2002 and adopted most of the Commission's recommendations. I'm confident Alberta is entering a new era of fiscal stability in the years ahead.

Stable funding for transportation infrastructure is essential to Alberta's continuing prosperity. Since over 60 per cent of the province's economy is export-based, the need to move goods and people safely and efficiently is paramount. To this end, the department set up a director of transportation innovation position to explore new and better ways to operate. Other staff were assigned the task to explore alternative financing methods for transportation infrastructure.

The department strives to get the best value for each precious tax dollar spent. To this end, the department adopted a new pavement preservation strategy, which allows more kilometres of highway to be rehabilitated within existing budgets. Alberta Transportation is also experimenting with rubber asphalt, which has shown improved traction for motorists and less maintenance required by road authorities in jurisdictions where it's been tried. The department also took a first step toward alternative financing when it cost-shared the Brazeau Bridge project near Hinton with private interests. The private funding enabled the project to be completed sooner than originally planned.

Three important pieces of legislation relating to the Ministry were either proclaimed into law or went into effect during 2002-03. The new *Traffic Safety Act* was proclaimed in December 2002 and took effect on May 20, 2003. The new act amalgamates four previous acts into one and introduces new initiatives such as Graduated Driver Licensing (GDL) for new drivers and substantial increases in traffic fines. The new act aims to make Alberta's roads safer.

The *Railway (Alberta) Act* came into force on September 1, 2002 and replaces outdated legislation. The new act governs the construction, operation, and maintenance of railways under provincial jurisdiction. Finally, an amendment to the *Traffic Safety Act* took effect on May 1, 2002, requiring cyclists under 18 years of age to wear approved helmets while riding.

The department's Inspection Services Branch continued its tradition of excellence by winning a National Transportation Week award in partnership with Lethbridge Community College. The branch and the college set up a transport officers' training program, which is unique to Western Canada. Inspection Services also marked its 50th anniversary.

In closing, I wish to express how honoured I am to serve as Alberta's Transportation Minister and look forward to serving the people of Alberta in the future.

Ed Stelmach
Minister
Alberta Transportation

Management's Responsibility for Reporting

The Ministry of Transportation includes the Department of Alberta Transportation and the Transportation Safety Board. The executives within the Ministry have the primary responsibility and accountability for the Ministry. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Transportation. Under the direction of the Minister I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control, which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Transportation any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Jay G. Ramotar
Deputy Minister
Alberta Transportation
September 8, 2003

Transportation Facts For Alberta

Roads

- Alberta has approximately 30,800 kilometres of provincial highways. Over 26,000 kilometres of these highways are surfaced. The rest are gravel.
- There are 3,850 bridge structures on the provincial highway network, and about 8,800 bridges on the local road system.

Drivers

- Alberta has approximately 2.3 million licensed drivers and 3.3 million registered vehicles.

Airports

- Alberta's two international and 10 regional airports handled over 12 million passengers during 2002.
- There are 72 community airports in Alberta.

Rail

- Alberta has approximately 7,100 kilometres of rail line. Over 45 million tonnes of freight are shipped from Alberta and approximately eight million tonnes of freight are shipped to Alberta by rail each year.

Our Vision

Alberta Transportation will be the North American centre of excellence in transportation enabling Albertans to achieve economic prosperity responsibly.

Our Mission

To provide a safe, efficient and sustainable highway network and environmentally safe water infrastructure, and support municipalities in meeting their transportation and water/wastewater infrastructure needs.

Our Core Businesses

Improve road, driver and vehicle safety by ensuring effective driver education services and programs and licensing standards are in place; delivering vehicle and commercial carrier safety programs; monitoring the handling and transport of dangerous goods; managing driver records and problem drivers; implementing impaired driving programs; and overseeing the safe operation of provincial railways.

Improve the provincial highway infrastructure through efficient planning, design, construction, rehabilitation, operation and maintenance. Provide design, construction and rehabilitation of water management infrastructure.

Support municipal partnerships through the provision of funding for municipal transportation and water and wastewater infrastructure needs.

Represent Alberta's interests in provincial, national and international policy impacting transportation.

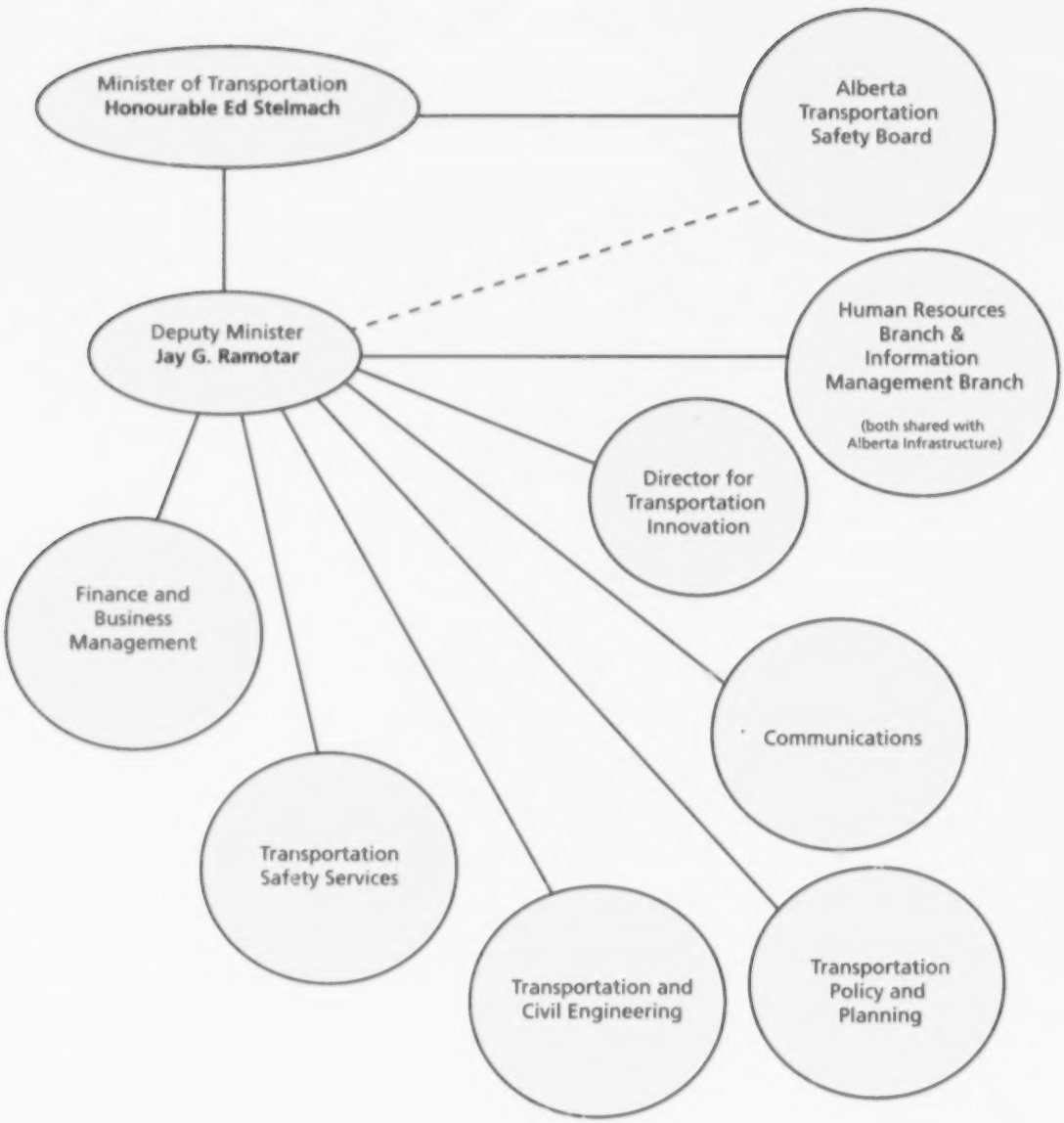
Our Core Values

Results Based Values: ongoing evaluation of performance and results, quality service to Albertans, and accountability for the use of public resources.

Professional Values: innovation, leadership, cooperation and collaboration with partners and stakeholders.

Ethical Values: honesty, integrity, impartiality, and ethical behavior.

People Values: teamwork, recognition, empowerment, and professional development of staff.


Minister of Transportation
Honourable Ed Stelmach
Alberta Transportation Safety Board
Deputy Minister
Jay G. Ramotar
Human Resources Branch & Information Management Branch
(both shared with Alberta Infrastructure)
Director for Transportation Innovation
Finance and Business Management
Communications
Transportation Safety Services
Transportation and Civil Engineering
Transportation Policy and Planning

Ministry Contacts

Minister of Transportation
Honourable Ed Stelmach
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Deputy Minister of Transportation
Jay G. Ramotar
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Alberta Transportation Safety Board

Gary Boddez, Chair
telephone: (780) 427-8623
fax: (780) 422-9739
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Upon implementation of the *Traffic Safety Act* on May 20, 2003, the Driver Control Board and the Motor Transport Board will be combined into the Transportation Safety Board. The Board will hear and conduct inquiries regarding the appropriate actions required for drivers who have had their vehicles seized, or have been suspended for refusing to provide a breath sample, or providing one that is in excess of 0.08. The Transportation Safety Board also hears applications from drivers suspended under an impaired driving conviction who want to take part in the Ignition Interlock Program. The Board has additional responsibility for hearing cases to determine if commercial truck and bus operators should be granted, or continue to hold, an Operating Authority and Safety Fitness Certificate in respect to operating their business in Alberta.

Transportation Safety Services

Gregg Hook, ADM
telephone: (780) 415-1146
fax: (780) 415-0782
email: gregg.hook@gov.ab.ca

Oversees vehicle and driver safety services, driver licensing standards, road safety information and programs, driver fitness and licence enforcement, impaired driver prevention programs, dangerous goods control, and monitoring the motor carrier industry and provincial railways. Administers over-weight and over-dimension highway fees and permits and commercial vehicle inspection stations services. Transportation Safety Services also undertakes various educational initiatives aimed at the travelling public; commercial carriers and shippers; pedestrians; schools; and interest groups.

Transportation and Civil Engineering

Rob Penny, ADM
telephone: (780) 422-2184
fax: (780) 415-1268
email: rob.penny@gov.ab.ca

Plans, programs and delivers provincial highway construction and rehabilitation projects, as well as numerous special projects, such as the North-South Trade Corridor. Manages provincial highway maintenance activities; the construction, rehabilitation and upgrading of water management facilities; and grant programs for municipal transportation, water/wastewater and the Infrastructure Canada-Alberta Program (ICAP).

Transportation Policy and Planning

Brian Marcotte, ADM
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Provides long-term planning of the highway network. Reviews impacts of major development on the roadway system. Develops provincial policies pertaining to highways, municipal transportation, motor carriers (truck and bus), rail and air modes of transportation, from the perspective of passengers, shippers and carriers. As well, influences national and international policy on national highways, rail, air, inter-city bus, ports/marine operations, border crossing services, and co-ordinates various barrier free transportation and climate change initiatives. Takes the lead role on major transportation policy reviews and leads the cross-ministry Capital Planning Initiative and Aboriginal policy issues.

Communications

Leanne Stangeland, Director
telephone: (780) 415-1841
fax: (780) 466-3166
email:
leanne.stangeland@gov.ab.ca

Provides strategic communications planning and consultation for the offices of the Minister, Deputy Minister and the Ministry. Services include media relations, issues management, strategic communications planning, preparing speeches, news releases, advertising copy, and other support materials, graphic design support for the Ministry, answering and co-ordinating the Ministry's information line and web site mail, and co-ordinating communications during dangerous goods incidents.

Finance and Business Management

Winnie Yiu-Yeung, Executive Director
telephone: (780) 427-1440
fax: (780) 415-1219
email:
winnie.yiu-yeung@gov.ab.ca

Provides financial, legislative planning, and business support for the Ministry. Manages the development of operational, business and strategic plans and the annual report, including performance measures. Plans, prepares, monitors, and analyzes ministry budgets and develops and implements budgeting policies. Leads development of reviews and changes to statutes and regulations, and preparation of documents such as Orders in Council and Ministerial Orders. Manages the *Freedom of Information and Protection of Privacy Act* process. Co-ordinates development and implementation of financial systems and provides financial reporting and analysis. Also responsible for accounts payable and receivable, and capital asset management, as well as developing and implementing financial policies, procedures and controls.

Information Management

(shared with Alberta Infrastructure)

Vacant, Executive Director
telephone: (780) 427-7395
fax: (780) 422-5208

Provides information management support for Alberta Transportation and Alberta Infrastructure. Manages planning and delivering a range of information services and develops and implements information management technology policies. Acts as the Ministries' Chief Information Officer and influences the information technology plans and direction of Alberta Government Information Technology. Also delivers Internet/Intranet management services and records management services for each ministry.

Human Resources

(shared with Alberta Infrastructure)

Brigitte Fulgham, Executive Director
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Provides human resources support for Alberta Transportation and Alberta Infrastructure. Co-ordinates the development and implementation of ministry human resource policies, programs and strategies and provides education and information on managing human resources. Provides quality assurance and contract management for transactional human resource activities undertaken through the Alberta Corporate Service Centre, including job classification, job evaluation, recruitment and selection, training and development, employee relations and occupational health and safety services.

Director for Transportation Innovation

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Alberta Transportation's record of thinking and acting creatively is demonstrated by re-engineering, outsourcing, and leading edge work on infrastructure management, and has been recognized through many awards. To further that entrepreneurial approach, the Deputy Minister created the position of Director for Transportation Innovation. To foster ongoing innovation and improvement by the department, exciting and progressive ideas to improve our business processes and management practices are considered. Staff and stakeholders are involved with implementing and monitoring the success of selected priority innovations and continuous improvement initiatives.

AUDITOR GENERAL
Alberta

To the Members of the Legislative Assembly

In connection with the Ministry of Transportation's performance measures included in the *2002-2003 Annual Report of the Ministry of Transportation*, I have:

1. Agreed information from an external organization to reports from the organization.
2. Agreed information from reports that originated from organizations included in the consolidated financial statements of the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets, and information presented in prior years.
5. Checked that the performance measures, as well as targets, agree to and include results for all the measures presented in Budget 2002.

As a result of applying the above procedures, I found the following exception:

- There was no data available for one measure, *Client Satisfaction Survey*. Therefore, I was not able to complete procedures 2 to 5 above for this measure.

Procedures 1 to 5, however, do not constitute an audit and therefore I express no opinion on the performance measures included in the *2002-2003 Annual Report of the Ministry of Transportation.*

Edmonton, Alberta
August 13, 2003

FCA
Auditor General

Results Analysis - Core Businesses

Initially for 2002-03, Alberta Transportation received $893.28 million in approved Estimates. During the year the Estimates were increased to a revised target of approximately $1.021 billion.

Financial Resources
(in thousands)

Planned Spending (Estimates)	893,282
Total Authorized	1,021,342
Actual Spending in 2002-03	999,829
Actual Spending in 2001-02	1,407,567

Human Resources
Budgeted FTEs* 819 Actual FTEs Utilized 783

*FTE - Full Time Equivalent

Additional funding of just over $128 million was approved during the fiscal year and included:

- A Supplementary Estimate of $85.0 million approved on December 4, 2002, to reinstate some highway rehabilitation, highway construction, water management infrastructure and other road infrastructure projects deferred in 2001-02.
- A Supplementary Estimate of $41.46 million was approved on March 10, 2003 to provide additional funding of $400,000 for the Strategic Highway Infrastructure program which was offset by equal federal funding. The balance of $41.06 million was approved for non-cash items - including amortization of capital assets of $31.56 million and consumption of inventories of $9.50 million, which was required as a result of the province assuming responsibility for the secondary highway system.
- An additional $1.75 million in approved expenditure and dedicated revenue increases for the Provincial Highway Systems ($1.5 million) and Transportation Safety Services ($0.25 million).

Overall, the Ministry incurred just under $1.0 billion in total expenditures in 2002-03, which is about $21.51 million lower than the authorized budget. This under-expenditure is mainly due to non-cash items, which were under expended by $20.83 million.

Apart from the non-cash items, the Ministry's expenditures were $688,000 lower than the authorized budget target.

Reduced actual expenditures resulted from an overall reduction in the 2002-03 Ministry target compared to 2001-02.

Results Analysis

The specific ministry programs linked to this core business include Transportation Safety Services, the Transportation Safety Board, the Vehicle Inspection Station component of Other Road Infrastructure and a portion of Ministry Support Services. Ministry goal 1 supports this core business.

Financial Resources (in thousands)	**Operating Expense**	**Capital Investment**
Planned Spending (Estimates)	29,794	2,800
Total Authorized	30,044	2,800
Actual Spending in 2002-03	33,579	4,167
Actual Spending in 2001-02	29,892	4,154

Human Resources
Budgeted FTEs 330 Actual FTEs Utilized 319

Together these programs improve road, driver and vehicle safety and emphasize the Ministry's number one priority - safety.

The total over-expenditure of approximately $5.1 million relative to planned spending is primarily due to:

- $1.2 million over-expenditure in Transportation Safety Services for the implementation of the *Traffic Safety Act*. Of this over-expenditure, $250,000 was offset by the approval of additional dedicated revenue, associated with the National Safety Code.
- $3.9 million over-expenditure in Ministry Support Services reflects increases related to information technology requirements, including capital development and system initiatives.

The overall $3.7 million increase in actual Ministry operating expenditures during 2002-03 compared to 2001-02 is attributed to:

- $1.7 million for implementation costs associated with the changes to the *Traffic Safety Act* and the *Traffic Safety Amendment Act* and other related Transportation Safety Service initiatives.
- $1.7 million cost allocation for increased information technology expenditures.
- $0.3 million related to the reorganization of the Transportation Safety Board due to increased responsibilities, changing roles and workload resulting from the proclamation of the new *Traffic Safety Act*.

- "Walk the Talk", the child traffic safety program geared to children from kindergarten to grade 6, continued this year. In 2002-03, more than 168,977 students representing over 660 Alberta schools participated in the program. Safety tips on bicycling, in-line skating, skateboarding and school bus safety, along with the "Point, Pause, and Proceed" pedestrian method for crossing streets were highlighted. Since this program was launched in 1997, it has gained provincial recognition for its unique and exciting way of providing children with traffic safety tips and practices.

- A bicycle helmet awareness campaign was initiated in 2002 to coincide with the introduction of legislation on May 1, 2002.

- Safety campaigns geared toward drivers included collision prime time radio advertisements focused on addressing driver error and educating drivers. A summer Joint Forces Check Stop Campaign took place to remind drivers that the province and its police services continue to apply a no-nonsense approach to impaired driving. All Alberta Transportation safety initiatives support the Government of Alberta goal that Alberta will be a safe place to live and raise families.

- Developing training programs for professional drivers continued to be a priority for the department. The department continued to work with the Transportation Training and Development Association to produce a professional driver certification program.

- The 2002-03 SLED SMART Snowmobile Safety and Education Campaign aimed at students in grades seven to nine in rural schools, raised awareness of safe and environmentally responsible snowmobile operation. Key elements of the campaign centred on information, education and community involvement.

- On December 11, 2002 the *Traffic Safety Act* and the *Traffic Safety Amendment Act* were proclaimed to come into force May 20, 2003. The new legislation replaces the *Highway Traffic Act, Motor Vehicle Administration Act, Motor Transport Act* and *Off-highway Vehicle Act*. It offers a consolidated approach to road safety providing clarity for all road users, including the public, commercial drivers, and law enforcement. In addition, 16 regulations were passed in December to come into force with the *Traffic Safety Act*.

- A new Graduated Driver Licensing (GDL) program is part of the new legislation. GDL is for first-time drivers, regardless of age, who will have to meet specific requirements prior to obtaining a full driver's licence. The program was designed to allow new drivers to gain experience and skills in a controlled environment before graduating to more demanding driving conditions.

- In May 2002, Albertans provided comments on the Fines and Demerit Points discussion paper. The discussion paper covered topics such as rules of the road, licensing and administration, equipment and commercial vehicles. The fines or "specified penalties" were reviewed because a comprehensive review of fines had not been done in over 16 years. The results showed that Albertans believe fines and demerits can be effective deterrents if set at appropriate levels. More than 95 per cent of the fines were increased, to come into effect May 20, 2003.

- Board rules were developed to accommodate amalgamation of the Alberta Motor Transport Board, Driver Control Board and *Railway (Alberta) Act* appeal board into a new Alberta Transportation Safety Board.

- The safe movement of goods to local, national and international markets continued to be an important component of Alberta's active economy. Alberta continued to work with the United States and Canadian jurisdictions to ensure harmonization of enforcement and standards for securing cargo on commercial vehicles.

- In November 2002, Ministers of Transportation for the four western provinces signed two Memoranda of Understanding for the movement of oversize/ overweight vehicles. The first was for increased dimensions for the movement of hay bales in response to drought conditions in the province. The second was to harmonize requirements and standards for the movement of indivisible oversize vehicles operating under permit.

- Even the most experienced drivers are affected by fatigue. To reduce the potentially devastating effects of fatigue-related collisions, Alberta Transportation continued development of a comprehensive and integrated Fatigue Management Pilot Program for commercial drivers in co-operation with Transport Canada, the Workers' Compensation Board and the Province of Quebec. The United States Federal Motor Carrier Safety Administration joined the program during this period.

- The Dangerous Goods Coordination & Information Centre (CIC) responded to 12,524 calls during the 2002-03 fiscal year. In addition, the CIC assisted emergency responders in 377 dangerous goods related incidents, including 214 dangerous goods on-road incidents.

- Clear Language amendments to the Dangerous Goods Transportation and Handling regulations were implemented to ensure minimal disruption to the flow of products, while deploying the nationally uniform regulatory requirements in Alberta. A number of industry awareness and educational seminars and presentations were made to the affected industries, with appropriate solutions applied where issues were identified.

- As part of the National Road Security Committee, Alberta Transportation worked with other jurisdictions and industry as well as Canadian and US authorities to identify and resolve cross-border transport issues as a result of heightened border security in the United States.

- Efforts continued on the Traffic Safety Data Collection project, which proposes to capture and record electronically, traffic safety data collected through traffic tickets, commercial vehicle inspections and collision reports. The department initiated discussions with Transport Canada to participate in a pilot program in Alberta.

- In co-operation with Alberta Government Services and the Alberta Motor Vehicle Industry Council, Alberta Transportation developed a voluntary odometer reading recording program. The program was implemented on December 17, 2002.

- The department initiated discussions with police services regarding removing the responsibility from police services for managing the Vehicle Identification Number assignment program. The target is to delegate the function to the Insurance Crime Prevention Bureau on a cost recovery basis by the fall of 2003.

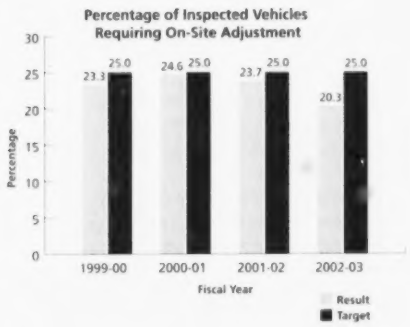
- On August 7, 2002 the new *Railway (Alberta) Act* and regulations were proclaimed, and came into force September 1, 2002. The new legislation provides for the safe movement of products and people on Alberta's public, industrial and amusement rail systems through the safety regulations for railway operation as well as for construction and maintenance of track.

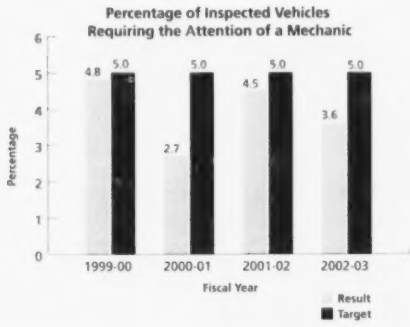
- Alberta Transportation implemented the requirements of the *Railway (Alberta) Act* and regulations, deploying the phased in requirements to the public, amusement and industrial railways in the province.

- The department participated in the D2006 rail crossing safety research program, by partnering with Strathcona County, Transport Canada and industry to undertake a research study on the use of photo enforcement at rail/highway crossings. The study will continue into the 2003-04 fiscal year, and the results used nationally to reduce railway crossing fatalities and injuries.

Performance Measure

This measure represents the percentage of a random sampling of commercial vehicles that have been rendered out-of-service when inspected in roadside checks by Ministry staff. The Ministry target set out in the 2002-05 Business Plan was to achieve no more than 25 per cent of vehicles requiring on-site adjustments and no more than five per cent of vehicles that require the attention of a mechanic. The lower the number, the better the result.





For this measure, percentages are calculated using inspection reports generated by Ministry officials completing the inspections. The inspections are undertaken using internationally recognized standards issued by the Commercial Vehicle Safety Alliance. As stated, this measure includes only a sampling of the total number of inspections done throughout the year. In this sample, seven random inspections were conducted at each of 64 sites across Alberta between July and October 2002. The total number of vehicles inspected was 448. Of the 448 commercial vehicles inspected, 91 required on-site adjustments and 16 required the attention of a licensed mechanic.

Through ongoing education and enforcement programs, Alberta Transportation continues to work with the commercial carrier industry to enhance safety on Alberta's highways. Programs such as the "Partners in Compliance" program allow commercial carriers with exemplary safety records to self-monitor. The program also provides incentives for commercial carriers to ensure their equipment and business operations meet all prescribed safety criteria. Ongoing inspections of all commercial vehicles over 4,500 kilograms are also undertaken throughout the year to ensure commercial vehicles travelling on Alberta's highways meet all safety standards.

Growth in inter-provincial and international trade and the need for quick, efficient transport, have led to a significant increase in the number of trucks on Alberta's highways. In addition to domestic commercial road traffic, there was over $16 billion in international trade shipped by trucks to and from Alberta in 2002. As a result of this increased truck traffic in recent years, Alberta Transportation has increased its capacity to undertake inspections and monitor commercial vehicles. The Ministry will continue to work with the commercial carrier industry on education and information initiatives that are aimed at commercial vehicle safety.

Performance Measure

Alberta Transportation continually promotes the use of seat belts as one of its many strategies to improve safety in Alberta. Our target is to reach compliance rates in both rural and urban Alberta of 95 per cent by 2010, matching Canada's national target. The target for combined rural and urban usage in the 2002-05 Business Plan was set at 85.0 per cent. Transport Canada collects seatbelt usage data through annual surveys on light duty vehicles (including passenger cars, passenger vans and light trucks) in all provinces. Starting in the 2002 calendar year, Transport Canada altered their survey methodology to reflect only rural results. Future annual surveys will alternate between rural and overall location results. The survey results table will reflect those findings on an alternating basis to maintain comparability with national findings.

The following table estimates the percentage of people wearing seatbelts in rural Alberta for 2002. The estimate is accurate within ±1.2 per cent 19 times out of 20 in repeated samples. In previous years, the estimates for seat belt use in rural and urban locations combined was accurate within ±0.6 per cent 19 times out of 20 in repeated samples.

Percentage of Seat Belt Use

Canada	Rural & Urban	Rural*	Alberta	Rural & Urban	Rural*
1999	90.1		1999	89.3	
2000	90.1		2000	87.2	
2001	89.9		2001	84.9	
2002		85.0	2002		77.3

*Rural survey conducted every second year beginning in 2002.

Through an annual survey, Transport Canada estimates the number of people wearing seatbelts in Alberta. Previous survey information indicated that the majority of motor vehicle fatalities in rural areas involved people who were not wearing seat belts, and that seat belt use was lower in rural areas of Canada than in urban centres. Rural areas are defined as towns with a population of fewer than 10,000 but more than 1,000 that are located outside any census metropolitan area or census agglomeration. Therefore, it was determined that a survey of seat belt use in rural areas of Canada would be conducted every second year. The results of this survey will allow more strategic development of measures to improve seat belt use in rural areas across Canada.

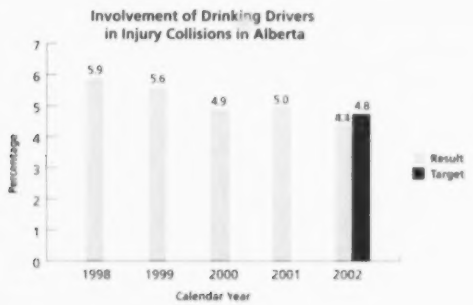
This year's survey was conducted between September 23 and September 29, 2002 on light duty vehicles. Light duty vehicles do not include commercial vans or large trucks, farm equipment, or vehicles which are not equipped with and do not require seatbelts (e.g. vintage automobiles). The results for Alberta were 77.3 per cent compared to the national average of 85.0 per cent. Due to the late timing of the decision to survey rural areas only in 2002, no targets were established for rural areas in the 2002-05 Business Plan.

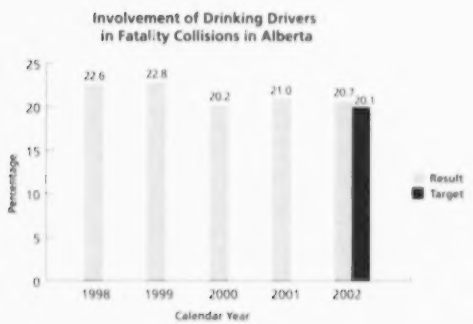
Alberta Transportation continually promotes the use of seat belts as one of its many strategies to improve safety in Alberta. Through its support and participation in the Alberta Occupant Restraint Program, Alberta Transportation strives to educate Albertans about the benefits of seat belt use for adults, as well as proper use for children.

Alberta's increasing population and the resulting increase in the number of licensed vehicle operators means that improved strategies to create awareness of the benefits of wearing seat belts must be developed. To encourage Albertans to wear their seat belts, the fines for not wearing one were increased to $115 from $69 with the passing of the *Traffic Safety Act* in May 2003.

Performance Measure

This measure indicates the percentage of vehicle operators in casualty collisions (injurious and fatality) who were judged to have consumed alcohol before the collision. Data for this measure is taken from the Alberta Collision Information System, which is administered by Alberta Transportation. The results for the measure are based on a calendar year.





Drivers involved in collisions resulting in either injury or fatality (casualty collisions) are included in the measure results. Driver condition data is compiled from collision reports completed by the attending law enforcement officer. Drinking drivers are those who, in the officer's judgement, have consumed alcohol prior to the collision. During the reporting period, there were a total of 30,714 drivers involved in casualty collisions in the Province of Alberta for whom a driver condition was specified on the collision report form. Of these, 4.4 per cent of drivers involved in injury collisions, as compared to our target of 4.8 per cent and 20.7 per cent of drivers involved in fatality collisions, as compared to our target of 20.1 per cent, were judged to have consumed alcohol prior to the collision. As the severity of the collision increased, the involvement of alcohol dramatically increased. Human condition was unspecified for 6,038 drivers involved in casualty collisions, and those are not included in the measure result.

In order to continue its efforts to educate current and future drivers of the dangers of drinking and driving, Alberta Transportation, with its many traffic safety partners, continues to undertake awareness, education and enforcement programs throughout the year. As well, from its inception in December 1999 to March 2003, the Alberta Administrative License Suspension (AALS) program has resulted in 25,614 suspensions of Alberta drivers who are charged with having a breath or blood sample over 0.08 blood alcohol concentration or refusing a breath or blood sample demand. In addition, initiatives such as the Ignition Inter-Lock Program and periodic checkstops contribute to deterring drinking and driving and educate the public about its effects and consequences. The introduction of Graduated Driver Licensing will bring about a three-year zero tolerance of alcohol provision. This will further Alberta's position on impaired driving.

Alberta's population has been steadily increasing due primarily to the growing economy. Traffic volumes have increased by 11 per cent (recorded by Alberta's 361 Automated Traffic Recorder sites throughout the province). In addition, the number of licensed drivers increased by 10.02 per cent since 1998. Alberta Transportation provides ongoing monitoring of roadways under its authority, including maintenance and upgrades to enhance the safety of all who use our highways. This, combined with ongoing education, legislative enhancements, and enforcement programs, have contributed to the positive results for this measure.

Results Analysis

Alberta Transportation programs relating to the core business of *'Improve the Provincial Highway Infrastructure'* includes Provincial Highway Systems, the capital component of Resource Roads/New Industry, Other Road Infrastructure, a portion of Program Support and Ministry Support Services, as well as non-cash items as such Amortization and Consumption of Inventory. Ministry goals 2 and 3 support this core business.

Financial Resources (in thousands)	**Operating Expense**	**Capital Investment**
Planned Spending (Estimates)	466,009	210,060
Total Authorized	522,919	275,960
Actual Spending in 2002-03	495,497	283,616
Actual Spending in 2001-02	488,117	447,069

Human Resources
Budgeted FTEs 325 Actual FTEs Utilized 309

Alberta has roughly 30,000 kilometres of provincial highways with a replacement value of approximately $20 billion. Well-built and well-maintained highways are safe highways. Improvements to highway infrastructure reduce collisions by 40 to 50 per cent, depending on the particular improvements.

The total over-expenditure of $103 million relative to planned spending is primarily due to:

- $73.9 million over-expenditure in Provincial Highway Systems to accommodate previously deferred highway construction projects. Of the $73.9 million over-expenditure, authorized spending increased $80.9 million, with $7 million internally reallocated to address critical information technology funding pressures.
- $9.3 million over-expenditure relates to Ministry Support Services for increases related to information technology requirements, including capital development and upgrading of the Transportation Infrastructure Management System (TIMS).
- $20.2 million over-expenditure in Amortization and Consumption of Inventory due to the Province assuming responsibility for the secondary highway system. These expenditures were offset by an increase in authorized spending of $41.1 million. Amortization of Capital Assets and Consumption of Inventory is only an accounting entry, no cash is actually required.

The net reduction in actual Provincial Highway Infrastructure spending of approximately $156 million during 2002-03 compared to 2001-02 is primarily due to:

- Reduction in capital investment for both Provincial Highways of $155.6 million and Other Road Infrastructure of $6.8 million.

The decreases noted above were partially offset by:

- $6.3 million increase in operating expenditures in Other Road Infrastructure due to the takeover of responsibility in 2002-03 for the maintenance of roads, parking areas and bridges in provincial parks from Community Development and maintenance and minor capital improvements of water management infrastructure transferred from Environment.

- Alberta Transportation continued to lead the Capital Planning Initiative (CPI). The CPI is included in the Government of Alberta Business Plan, and is a government-wide project aimed at ensuring that infrastructure dollars are used effectively and efficiently. One of the key strategies is directed at implementing effective, independently verifiable infrastructure management systems (IMS) and common key performance measures for owned and supported infrastructure to improve planning and priority setting. Under this initiative, Alberta Transportation is developing the Transportation Infrastructure Management System (TIMS) and provides expertise to other ministries in the development of their systems.

- The March 2000 CPI report identified three long-term performance measures to be used across government to report the management of physical infrastructure, whether it is owned or supported by government. These measures monitor physical condition which is reported in good, fair or poor condition; utilization which determines whether the utilization level on provincial highways is within a targeted capacity; and functional adequacy which determines if the provincial highways are providing acceptable functional service. The Ministry has developed transportation-related performance measures for all three areas which are documented in this annual report. Work continues on refining the performance measures.

- Alberta Transportation continued to lead the Alberta Advisory Committee on Barrier Free Transportation by facilitating discussions with stakeholders including consumer groups and service providers, to ensure that funded transportation infrastructure is fully accessible to seniors and persons with disabilities.

- Alberta Transportation and Alberta Government Services, in partnership with the Alberta Advisory Committee on Barrier Free Transportation, have been monitoring implementation of the new parking placards policy, which came into effect November 1, 2001. This new policy resulted from two years of consultations with affected stakeholders and is intended to ensure persons with the greatest needs have access to designated parking. Preliminary statistics indicate that the number of parking placards issued has decreased since implementation of the new policy.

- Through the Alberta Partnership Rest Area Program, Alberta Transportation continues to work with rural highway businesses to provide designated rest areas along Alberta's highways. Rural highway businesses participating in the program follow the Alberta Transportation rest area guidelines and provide washrooms, parking, picnic tables, and travel information to the public 365 days a year without charge. Businesses are also encouraged to provide barrier free access to persons with disabilities. Alberta Transportation oversees the program and posts signs guiding travellers to partnership rest areas and indicates these rest areas on the official provincial road map.

- The Ministry worked with the Transportation Association of Canada (TAC) and the Alberta Advisory Committee on Barrier Free Transportation to develop a sign to show the availability of Teletype Telephones (TTYs) for motorists who are hard of hearing or who cannot speak. A new sign was developed and approved by TAC, and installed at several provincially-owned rest stops during summer 2002. The new TTY symbol has also been included in the *Basic License Driver's Handbook* to ensure new motorists are aware of these signs.

- Alberta Transportation continued its participation in Transport Canada's "Access to Travel" web site, which offers information on accessible transportation services across Canada. This web site is an evolving resource with the goal to provide a "one stop" source of travel information across Canada for people with disabilities. The "Access to Travel" web site was modeled in part after the department's Alberta Inter-Community Public Transportation Guide, which provides information on bus, air, and rail services (including accessibility). The Alberta guide was updated and enhanced in fall 2002 to include accessible rest stops, air service between Alberta and major Canadian cities, and air/bus travel time calculators.

- Alberta Transportation worked collaboratively with Alberta Municipal Affairs on the review of the Specialized Transportation Grant Component of the Unconditional Municipal Grant Program. The review is intended to examine issues associated with this grant, as raised by stakeholders and the Alberta Advisory Committee on Barrier Free Transportation.

Implement the Intelligent Transportation System Strategic Plan

- Intelligent Transportation Systems (ITS) include applications such as advanced systems for traveller information, traffic management, public transport, commercial vehicle operations, emergency response management and vehicle safety. The Ministry participated on national working committees to assess the costs, benefits and feasibility of deploying ITS technologies to improve commercial vehicle operations. As well, the Ministry collaborated with the Centre for Transportation Engineering & Planning to co-sponsor a workshop to raise the awareness of ITS applications in commercial vehicle operations.

- Alberta Transporation undertook an "Advanced Traveller Information and Traffic Management System Blueprint for Highway 2" study. The blueprint will provide a roadmap guiding the Ministry in deploying future intelligent transportation system technologies on Highway 2 between Calgary and Edmonton including sections of Anthony Henday Drive through Edmonton and Deerfoot Trail through Calgary. The system will ultimately provide motorists and road authorities with close to real-time information on traffic and weather conditions, making driving safer and more efficient.

- Alberta Transportation participated in several projects as part of Climate Change Central and the Clean Air Strategic Alliance. The Ministry also initiated projects to reduce greenhouse gas (GHG) emissions from government operations and the provincial transportation sector. These projects involved partnerships with Transport Canada, Natural Resources Canada, Alberta Infrastructure, Alberta Environment, Alberta Innovation and Science, Alberta Agriculture, Food and Rural Development, Clean Air Strategic Alliance, Alberta Motor Association and Climate Change Central. Alberta Transportation initiated a Diesel Particulate Filter Pilot Project, testing emissions reduction equipment on Edmonton Transit buses. The Ministry has also initiated work on sector agreements to reduce GHG emissions and has undertaken work toward the development of programs involving anti-idling, telecommuting, transportation demand management and vehicle scrappage.

- Aboriginal content clauses were included in six transportation and water management contracts undertaken on First Nation Reserve or Métis Settlement lands in the 2002-03 construction year. This represents 100 per cent of projects where there was a demonstrated capacity to participate, and a total contract value of $19.6 million and an economic benefit of $977,308 to Aboriginal people or communities. This collaboration and participation of Aboriginal people in the Alberta economy supports the Government of Alberta Aboriginal Policy Initiative in its efforts to increase the participation of Aboriginal people in the Alberta economy.

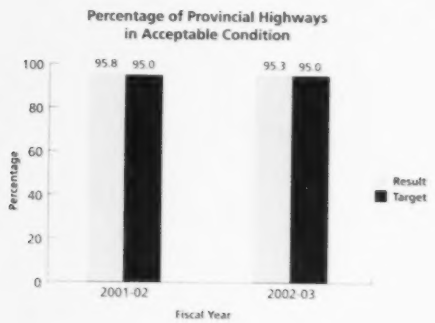
- The department is participating, along with Alberta Economic Development, in a steering committee that will re-examine the feasibility of a high-speed rail system in Alberta. Both departments have provided seed funding for the study which is being led by the Van Horne Institute. The steering committee includes private sector participants who are providing resources and expertise to conduct the study.

Performance Measure

Through monitoring the physical condition, utilization and functional adequacy of roadways, the Ministry can effectively plan how best to sustain the quality of highways throughout the province. By sustaining pavement quality through regular rehabilitation, the total life cycle cost of the highway systems will be reduced. The International Roughness Index (IRI) measures the roughness of roads and is used as an indicator in determining the physical condition of provincial highways. The measures developed for condition are consistent with the core measures outlined in the Capital Planning Initiative.

The methodology for calculating this measure was significantly changed in 2002-03 in order to reflect department practices better, and to incorporate a proactive lifecycle approach and to improve overall decision making regarding the maintenance of our highway system.

The results using both the previous methodology and the new methodology are being reported in 2002-03 as we transition to the new measure in the 2003-06 Business Plan. The target from the 2002-05 Business Plan was set at 95 per cent.



This measure determined the percentage of provincial highways with an IRI of fair or better, based on 50-metre segments. It is an indicator of the riding comfort for the travelling public on highways under provincial jurisdiction. A lower IRI rating indicates better pavement condition.

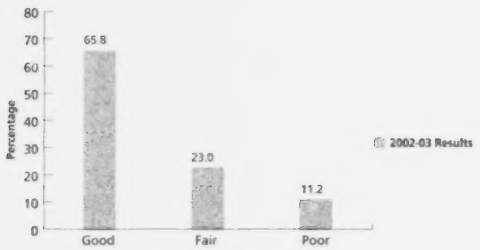
Provincial highways include the primary highways and all secondary highways that have been brought under Ministry direction, control and management. The IRI rating for all highways is obtained through data collected by a private consultant on behalf of the Ministry. Using laser-based equipment, the consultant reports the average IRI over a 50-metre segment of highway. This data is then collected and reported by the Ministry.

IRI measures the roughness of the highways as an indicator of physical condition of a highway according to the following benchmarks used by the United States Federal Highway Administration on standards for interstate and non-interstate highways. For the 2001-02 methodology, an IRI value of less than 2.7 was used to determine whether a 50-metre segment was fair or better.

United States Federal Highway Administration Standard

IRI Rating	U.S. Interstate	Non-Interstate
Very Good	Less than 0.95	Less than 0.95
Good	0.95-1.49	0.95-1.49
Fair	1.50-1.89	1.50-2.69
Poor	1.90 or Greater	2.70 or Greater

Results Using 2002-03 Methodology



About the Results

The method of reporting physical condition was changed in the 2002-03 fiscal year and now reflects the percentage of paved highways in good, fair, and poor condition. The segments in poor condition are those that require attention in the near future.

The method used to report information in the past was to measure the percentage of highways in acceptable condition (i.e., in fair or better condition).

The new method of reporting uses standards established as a result of a comprehensive research study conducted by the University of Calgary to research condition and other performance measures. The recommendations made by the University of Calgary report resulted in new trigger values for condition being established. Trigger values are defined as the boundary between categories of good/fair and fair/poor, and are set using a proactive life cycle analysis approach. The values used are based on road classification and past department programming practices.

The IRI values along the paved provincial highway network are collected annually. IRI measures the roughness of the road and is used as the indicator for overall pavement condition. The IRI rating for all highways is obtained through data collected by private consultants on behalf of the Ministry. Using laser-based equipment, the consultant reports the average IRI level over a 50-metre segment of the highway. This detailed data is further averaged over one kilometre sections to provide an assessment of condition over practical lengths.

Alberta Transportation Standards

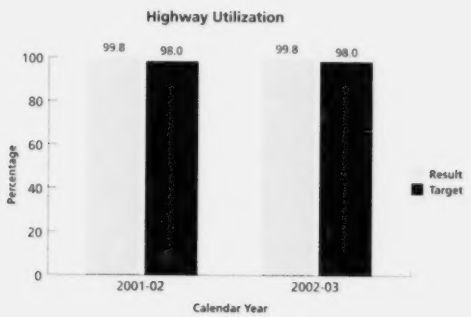
IRI Rating	110 km/h Highways	< 110 km/h Highways
Good	< 1.5	< 1.5
Fair	1.5 - 1.89	1.5 - 2.09
Poor	≥1.9	≥ 2.1

Trends Impacting the Measure

Approximately 5,500 kilometres of Alberta's paved provincial highways are approaching an age where rehabilitation/reconstruction must be considered. This length would increase to approximately 11,000 kilometres in five years if no work was done. The aging provincial infrastructure will require substantial additional funding even to maintain highways in their present condition and to avoid substantial, noticeable deterioration to the driving public.

Performance Measure

Alberta Transportation strives to ensure the safety and efficiency of the provincial highway network. This measure is defined as the percentage of the highway network that is equal to or better than a targeted Level of Service (LOS). If a highway meets or exceeds this targeted level, it is being utilized as planned. The targeted LOS for provincial highways is C. The measure used for utilization is consistent with the core measure outlined in the Capital Planning Initiative.



The 2002-03 target has been exceeded. The LOS calculations are based on the methodology outlined by the United States Transportation Research Board's Highway Capacity Manual. This manual is the international standard for measuring highway capacity. LOS is an international measure based on traffic's ability to move freely. The scale ranges from A to F, with A representing no restrictions on traffic flow, and F representing a breakdown of flow.

Traffic capacity was calculated using traffic volume data (for peak-hour volumes) collected along the highway network throughout the province. Intersection counts were also performed to determine the types of vehicles using each section of highway. This data was used to calculate traffic capacity ratings for each section of highway as per the 2000 Highway Capacity Manual. Levels of service are defined as follows:

A. Vehicles almost completely unimpeded.
B. Ability to maneuver within traffic is only slightly restricted.
C. Freedom to maneuver within traffic is noticeably restricted.
D. Freedom to maneuver is severely limited.
E. Boundary between levels D and E describes operation at capacity. There are virtually no usable gaps in traffic.
F. There is virtually a breakdown of traffic flow. This is characterized by stop and go conditions.

Alberta is experiencing substantial population and economic growth year after year. This growth leads to more people travelling Alberta's highways. As the number of people using our highway system increases, ensuring that goods and people move freely is a priority. Businesses and people want to ensure that their goods are getting to market as quickly as possible. By monitoring the traffic capacity on highways, Alberta Transportation can better plan for future highway upgrading.

Performance Measure

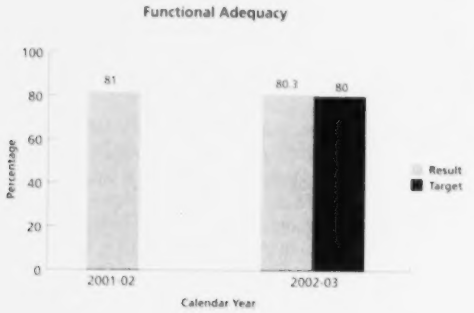
This measure determines the percentage of provincial highways that meet target criteria for functional adequacy.

A provincial highway is functionally adequate if the roadway is a standard width, free of road bans, and the traffic is unrestricted by speed changes because of roadway design. Functional adequacy is a key component in the overall planning and management of provincial highways. The measure for functional adequacy is consistent with the core measure outlined in the Capital Planning Initiative.

The methodology for calculating this measure was changed in 2002-03 to include surface type as a factor and to refine the calculation for the width, road ban and speed changes due to roadway design components.

This measure will be continually evaluated to determine whether further changes are necessary to properly recognize deficiencies and to reflect capital expenditures.

The results using both the previous methodology and the new methodology are being reported in 2002-03 as we transition to the new measure in the 2003-06 Business Plan. The target from the 2002-05 Business Plan was set at 80 per cent.



The target level, based on 2001-02 methodology, was 80 per cent. The 2002-03 target has been exceeded. The results for 2002-03 indicate that 80.3 per cent of provincial highways are functionally adequate.

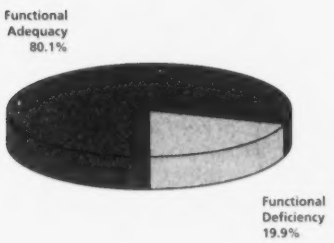
Road ban information for provincial highways is obtained using data from internal sources. The Transport Engineering Branch monitors the need for and issues all road bans on the primary highway system. As road bans are issued, they are entered into an internal database, which is updated as road ban status changes for particular highways.

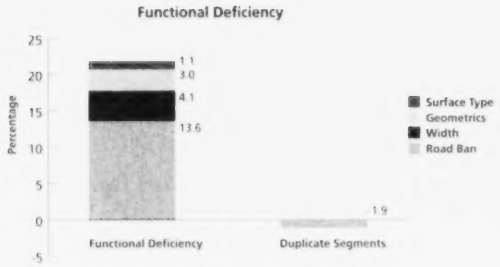
Data on existing road widths is obtained from the Ministry's pavement management system. The optimum road width for each highway is determined using the 3R/4R chapter of the *Alberta Transportation Highway Geometric Design Guide* (road resurfacing, rehabilitation, restoration, and reconstruction). The actual width and the optimum width are then compared to obtain the results.

Speed postings data for primary highways 1 to 216 are contained within an internal database. The data used for this measure was updated in calendar year 2000. However, for primary highways 500 to 986, detailed information was not available due to incomplete data collection. Therefore speed posting data was estimated by Ministry staff based on the length and classification of the highway. The data compiled excluded reduced speed limits on highways through urban municipalities.

Results Using 2002-03 Methodology

The following two graphs are based on the 2002-03 methodology:





This measure was modified in the 2002-03 fiscal year as the road surface type was added as a factor and the methods of calculation were refined and therefore no detailed comparatives are shown.

The results for 2002-03 for functional adequacy indicate that 80.1 per cent of provincial roadways are functionally adequate. The functional deficiencies are broken down as follows:

Road Bans	13.6%
Width	4.1%
Geometrics	3.0%
Surface Type	1.1%
Total	**21.8%**

Approximately 1.9 per cent of roadways have deficiencies in one or more of the above areas, thus reducing the total deficiency percentage to 19.9.

The various components of functional adequacy are discussed below.

Road Bans
The road ban information for the 2002-03 methodology is consistent with the information presented for this performance measure on the results using the 2001-02 methodology.

Width
The road width information for the 2002-03 methodology is consistent with the information presented for this performance measure on the results using the 2001-02 methodology with the exception that the standards on which the width deficiencies are based were modified in 2002. The minimum acceptable width for major two-lane highways under the new standard varies from nine metres to 10 metres depending on traffic. Under the previous standard the variation was from nine metres to 11 metres. For minor two-lane highways, the minimum acceptable width under the new standard varies from 7.4 metres to 10 metres depending on traffic, while under the previous standard, the variation was from 7.3 metres to 10 metres. The net result of the standard change was a reduction in width deficiencies by approximately 80 kilometres or 0.3 per cent of the network.

Geometrics
The method of estimating speed/geometric deficiencies changed during the 2002-03 fiscal year. In 2001-02, deficiencies were calculated from 2000 sign data stored in an internal department database for primary highways numbered 1 to 216. Estimates were made of the deficiencies for the 500 – 999 numbered highways, as sign data had not been collected for these highways. To arrive at a better estimate of geometric deficiencies with more complete data, a method was developed that assessed deficiencies based on horizontal curve geometrics, using alignment data collected by external consultants. This data is compared to requirements in the *Alberta Transportation Highway Geometric Design Guide* to arrive at deficiencies. Although this method is improved over the previous method, it should be noted that the data, collected in 1999 and 2000, is not current. This will be corrected in the 2003 data collection program.

Surface Type
As mentioned above, a fourth factor was added to the functional adequacy calculations. This measure assesses adequacy of surface type. A traffic volume of 400 vehicles per day was used to determine the need for a paved surface. Using this criterion, approximately 1.1 per cent of the provincial highway network has a surface type deficiency. Traffic volume data is collected by external consultants and existing surface types are derived from the department's internal pavement management system.

Trends Impacting the Measure

Rapid population growth throughout Alberta has meant that more development is occurring and urban areas are expanding. Roads that suddenly carry higher amounts of traffic because they are located near, or provide access to new developments may no longer be rated functionally adequate. The intensified traffic flow may result in congestion and the road being classified as too narrow.

Efficiently administer infrastructure construction and maintenance contracts

- Alberta Transportation works in partnership with private industry to construct, rehabilitate and maintain provincial highways and bridges. By ensuring early tendering of the contracts for provincial highway construction and rehabilitation projects, industry was able to effectively plan for the 2003 construction season.
- In order to protect the environment during highway construction, parties to Alberta Transportation's contracts, agreements, permits and authorizations, must be aware of their responsibilities concerning environmental protection. To support this, and the Government of Alberta's goal to maintain the high quality of Alberta's environment, the Environmental Construction Operations Plans (ECO) are required for all highway and bridge construction and rehabilitation projects. An ECO Plan consists of plans and written procedures that address the environmental protection issues relevant to the specific activity being performed, as well as concepts and minimum submission requirements.

Protect the integrity of highway infrastructure

- Alberta Transportation used the new highway maintenance standards for the provincial highway network that were recently developed in consultation with the Alberta Roadbuilders and Heavy Construction Association (ARHCA) and municipalities. These standards have rationalized the maintenance level of service that is now provided on the combined provincial highway network that consists of the existing primary and secondary highways. All maintenance work required is performed as per Ministry standards. Protecting Alberta's investment in physical infrastructure through appropriate maintenance and upgrading supports the Government of Alberta's goal to ensure Alberta will have effective and efficient infrastructure.
- New maintenance contracts were awarded for the Edmonton, Grande Prairie and Edson districts. This will result in a 15 per cent reduction in costs on the expanded highway network with no reduction in level of service.
- Alberta Transportation continues to implement the federal cost-shared Strategic Highway Infrastructure Program, which provides federal funding of $46.2 million over five years for highway improvements in Alberta. Under this program, work started on the construction of the Highway 16-Campsite Road interchange and environmental assessment for the Highway 43 twinning project.
- The Ministry submitted a proposal to Infrastructure Canada for federal funding for two ring road projects in Calgary and Edmonton under the Canada Strategic Infrastructure Fund (CSIF). As announced in federal Budget 2001, the CSIF provides $2 billion of federal investment toward large-scale infrastructure projects of major national and regional significance across Canada.

- Work continued on the three-year primary highway construction and rehabilitation program as tabled in the Legislature in spring 2001. During the 2002-03 reporting period, the following key construction projects were undertaken:

Key Provincial Construction Projects for 2002

- **Highway 1:** bridge structure carrying Highway 1 over Highway 68, east of Morley - replace existing structure totaling $1.5 million.
- **Highway 2:** north of Highway 672 to north of Highway 43 - final paving totaling $1.86 million.
- **Highway 2A:** north of Carstairs to south of Rosebud River - reconstruction totaling $4.9 million.
- **Highway 2:** south of Kavanagh to north of Kavanagh - reconstruction totaling $1.83 million.
- **Highway 5:** west of Junction Highway 2 to east of Highway 2 - urban widening totaling $2.5 million.
- **Highway 16:** bridge structure over Drystone Creek, west of Hinton - replace existing structure totaling $2.2 million.
- **Highway 28:** south of Highway 642 to west of Gibbons - completion from last year of reconstruction totaling $11.4 million.
- **Highway 36:** north of Highway 631 to south of Two Hills - reconstruction totaling $5.9 million.
- **Highway 44:** Highway 642 to south of Busby - reconstruction totaling $6.8 million.
- **Highway 53:** Highway 22 to west of Junction Highway 761 south - final paving totaling $1.6 million.
- **Highway 58:** west of south Zama City Access to east Sousa Creek - completion from last year of shoulder widening (grading) totaling $5.0 million.
- **Highway 63:** Susan Lake Access (Aurora Mine) to Bitumont - grading totaling $6.8 million.
- **Highway 542**: east of Highway 23 to west of Milo - completion from last year of reconstruction totaling $3.1 million.
- **Highway 547:** Bow River to Gleichen - final paving totaling $1.5 million.
- **Highway 619:** Highway 881 (north) to Highway 41 - final paving totaling $2.0 million.
- **Highway 672:** west of Lymburn to west of Highway 43 - final paving totaling $1.9 million.

- **Highway 734:** bridge structure over Brazeau River, north of Nordegg - replace existing structure totaling $2.9 million.
- **Highway 779:** south of Junction Highway 633 to Junction Highway 37 - final paving totaling $1.7 million.
- **Highway 806:** Highway 575 (Acme) to north of Linden - completion from last year of reconstruction totaling $3.7 million.
- **Highway 864:** Highway 3 to north of Oldman River - reconstruction totaling $2.6 million.
- **Highway 881:** north of Heart Lake to south of Wiau Lake - completion of grading, base and paving totaling $5.1 million.

Key Provincial Rehabilitation Projects for 2002

- **Highway 1:** north of Chestemere Lake to Highway 9 (selected eastbound and westbound lanes) - totaling $3.0 million.
- **Highway 1:** east of Gleichen to east of Highway 56 (selected eastbound and westbound lanes) - totaling $5.9 million.
- **Highway 2:** Highway 11A to Highway 2A (northbound lane) - totaling $3.0 million.
- **Highway 2:** bridge structure over Athabasca River, west of Hondo - bridge rehabilitation totaling $0.8 million.
- **Highway 2A:** south of Millet to Leduc south corporate limit - totaling $5.1 million.
- **Highway 12:** west of Lacombe to east of Highway 815 - totaling $2.2 million.
- **Highway 20:** Junction Highway 53 (east) to south of Highway 611 (selective) - totaling $1.7 million.
- **Highway 22:** south of Junction Highway 616 to Junction Highway 39 - totaling $2.9 million.
- **Highway 216:** north of Highway 16 to north of Junction Highway 14 (southbound and northbound lanes) - totaling $2.3 million.
- **Highway 584:** Coal Camp Road to Highway 22 (Sundre) - chip seal coat totaling $1.8 million.
- **Highway 623:** east of Highway 814 to Highway 21 - totaling $3.9 million.
- **Highway 781:** Highway 54 to Sylvan Lake south corporate limit - totaling $2.1 million.

Total direct dollars spent from the various provincial highway programs are:

Provincial Highways Operating	$	8,534,029
Construction and Improvement of Bridges	$	23,739,021
Provincial Highway Construction	$	125,060,339
Pavement Rehabilitation	$	63,873,138
Bridge Rehabilitation	$	7,435,197
North-South Trade Corridor	$	108,932,070
Provincial Highways Maintenance	$	179,167,992
Other Road Infrastructure	$	6,918,885

2002-03 Highway System Expenditures

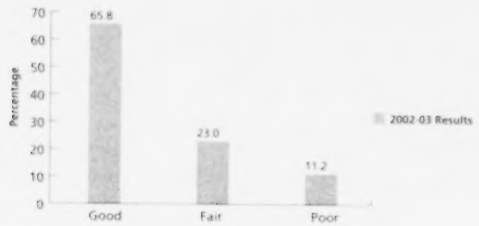
- The secondary highways and urban trade routes have been included in the overall provincial highway network. They are maintained by contractors, and projects are prioritized on an overall provincial network basis.

Performance Measure

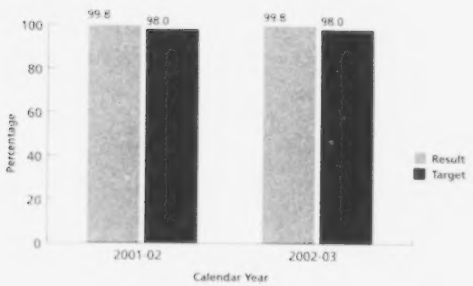
Physical Condition, Utilization and Functional Adequacy of Provincial Highways

The physical condition, utilization and functional adequacy of roadway measures on pages 29 to 36 of this report provide information on how the Ministry can effectively plan how best to sustain the quality of highways throughout the province. By sustaining pavement quality through regular rehabilitation, the total life cycle cost of the highway system will be reduced. Results for Physical Condition and Functional Adequacy are based on the 2002-03 methodology. The methodology for Utilization did not change.

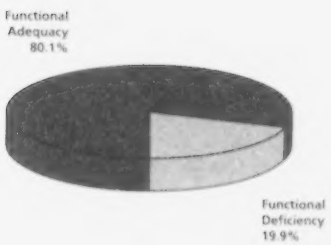
Physical Condition Results



Utilization Results



Funtional Adequacy Results



Results Analysis

The specific ministry programs linked to this core business include Rural Transportation Partnerships, the operating component of Resource Roads/New Industry, Alberta Cities Transportation Partnerships, Streets Improvement Program, Municipal Water and Wastewater Grants, Infrastructure Canada-Alberta Program (ICAP), Water Management Infrastructure, the Community Airports portion of Other Road Infrastructure, and a portion of Program Support and Ministry Support Services.

Financial Resources (in thousands)	**Operating Expense**	**Capital Investment**
Planned Spending (Estimates)	151,756	29,840
Total Authorized	139,756	46,840
Actual Spending in 2002-03	140,924	39,014
Actual Spending in 2001-02	404,941	30,522

Human Resources
Budgeted FTEs 138 Actual FTEs Utilized 131

The $1.7 million under-expenditure for Operating Expense and Capital Investment, relative to planned spending, is primarily due to:

- $25.2 million under-expenditure in the Infrastructure Canada-Alberta Partnership program because fewer projects were approved than anticipated.
- $28.2 million under-expenditure in Rural Transportation Partnerships as a result of the acceleration of 2002-03 grant payments in 2001-02.
- $8.1 million under-expenditure in Resource Roads/New Industry due to some requirements having been met in 2001-02. The funding was internally reallocated to accommodate other previously deferred priority programs.

These under-expenditures were offset by:

- $36.2 million over-expenditure in Alberta Cities Transportation Partnerships to partially address 2003-04 grant allocations.
- $12.9 million over-expenditure in Streets Improvement Program to accommodate projects previously deferred in 2001-02.
- $8.4 million over-expenditure in Water Management Infrastructure to address previously deferred water management projects. Of the $8.4 million over-expenditure, authorized spending increased $5 million with $3.4 million internally reallocated.

The net overall reduction in actual Municipal Partnership spending of approximately $256 million is due to the Ministry target being lower in 2002-03 compared to 2001-02.

Continue to provide funding to support municipal transportation infrastructure

- The Alberta Cities Transportation Partnership provided cost-shared funding to Alberta cities, including the five cents per litre funding arrangement with Calgary and Edmonton. The other 15 cities (including the urban service areas of Sherwood Park and Fort McMurray) received per capita grants for eligible transportation projects.
- Alberta towns, villages, summer villages and eligible hamlets (some 333 municipalities) were provided cost-shared funding for transportation projects in 2002 under the Streets Improvement Program.
- Some 76 rural municipalities and Métis Settlements were provided financial assistance for upgrading of their local roads and bridges. The Ministry continues to provide special funding for a paved access road to each Métis Settlement.
- Municipal roads, bridges and transit received a portion of the nearly $6.7 million provided for Infrastructure Canada-Alberta Program (ICAP) projects in 2002-03. The majority of these projects address local infrastructure needs identified by the municipalities. The ICAP Agreement, signed October 10, 2000, is a partnership between the federal, provincial and municipal governments that allows for private sector participation, and specifies that a minimum 40 per cent of the total value of all approved projects must be invested in green municipal infrastructure. Over six years, up to $508 million will be directed towards municipal water and wastewater systems; municipal roads, bridges and transit; affordable housing; solid waste disposal and recycling; tourism, culture or recreation facilities; or projects to improve energy efficiencies of municipal buildings.

Continue to provide funding to support municipal water/ wastewater infrastructure

- Municipal water and wastewater systems also received a portion of the nearly $6.7 million provided for Infrastructure Canada-Alberta Program (ICAP) projects in 2002-03. As outlined above, the ICAP Agreement is a partnership between the federal, provincial and municipal governments. Municipal water and wastewater systems; municipal roads, bridges and transit; affordable housing; solid waste disposal and recycling; tourism, culture or recreation facilities; or projects to improve energy efficiencies of municipal buildings are eligible.
- Cost-shared financial assistance was provided to 135 cities, towns, villages and eligible hamlets, for over 233 new and ongoing municipal water treatment and wastewater treatment projects. In 2002-03, a total of $25.3 million was provided for eligible projects.

Protect the integrity and effectiveness of water management infrastructure

- Construction of the dam and reservoir component of the Little Bow River project was completed. Upgrading of the Little Bow canal component of the project was substantially completed.
- Repairs to Lethbridge Northern Headworks diversion dyke and main canal were completed.
- Designs for rehabilitation of the Carseland-Bow River Headworks system were advanced. Engineering contracts were awarded for Reach 4 and Reach 5 of the main canal and the Lomond Crossing of McGregor Reservoir.
- Design and construction was undertaken on seventeen small water management infrastructure projects throughout the province at a total approximate cost of $12.0 million.

Work with other ministries to implement a coordinated and cost-effective approach to managing ancillary roads and bridges

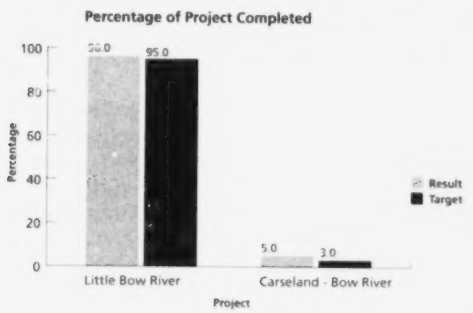
- Maintenance of park roads and those in protected areas has been transferred to Alberta Transportation from Alberta Community Development.
- In collaboration with Alberta Environment, ownership of bridges over irrigation canals on local or private roads has been transferred to Alberta Transportation.

Performance Measure

Progress on Completion of Major Water Management Construction Projects

This measure reflects the construction progress on major water management projects. Related activities include design, land acquisition and obtaining regulatory approvals, which precede the construction phase of each project and are not included in the overall cost of construction. These related activities are not reflected in this measure. Data for this measure is obtained from a department database which compiled the data using consultant and department staff estimates.

Results



About the Results

Alberta Transportation works with Alberta Environment to provide quality water management facilities to ensure a secure water source for municipal, domestic, agriculture, industry, recreation and other purposes. Such projects include dams and reservoirs, and canals.

The percentage of completion is determined by dividing the construction costs incurred to date by the total estimated construction costs for the project.

The target for the Little Bow River Project was exceeded.

The target for the Carseland-Bow River Headworks project was exceeded.

Completion estimates for these projects were made by Alberta Transportation staff.

Trends Impacting the Measure

The primary trends that could impact the outcome of this particular measure would be variances in construction costs, weather, and the ability of the contractor to meet the project schedule. Such trends are monitored very closely and adjustments made as needed. For the reporting year, none of these trends have affected the projects within this measure.

Results Analysis

The specific Ministry programs linked to this core business include a portion of Program Support and Ministry Support Services. Although the policy components related to the North-South Trade Corridor (NSTC) are included in this core business, the construction expenditures related to the NSTC are included in core business 2.

Financial Resources (in thousands)	**Operating Expense**	**Capital Investment**
Planned Spending (Estimates)	3,023	-
Total Authorized	3,023	-
Actual Spending in 2002-03	3,032	-
Actual Spending in 2001-02	2,872	-

Human Resources

Budgeted FTEs 26 Actual FTEs Utilized 24

This core business deals with providing long-term planning of the highway network, and developing provincial policies pertaining to highways, municipal transportation, motor carriers, rail and air modes of transportation from the perspective of passengers, shippers and carriers. As well, influencing national and international policy on national highways, rail, air, intercity bus, ports/marine operations, border crossing services, and co-ordinating various barrier free transportation and climate change initiatives are part of this core business.

There were no significant variances from planned spending for this core business.

Goal 5: Improve Access to Increase Competitiveness in Global Markets

Develop the North-South Trade Corridor between Coutts and the B.C. border west of Grande Prairie

- Twinning the North-South Trade Corridor, which runs from the United States border at Coutts, Alberta to the British Columbia border west of Grande Prairie, was 78.3 per cent completed in 2002-03, surpassing the completion target of 78 per cent.
- Work was completed on an interchange at Grande Prairie, and 15 kilometres of twinning was put into service west of Gunn. Major progress was made on the Deerfoot Trail extension and McKenzie Interchange in Calgary. Work continued on the Anthony Henday Drive in Edmonton.

Encourage improved transportation logistics between Alberta and the United States

- To improve access and reduce costs for transportation of goods along the CANAMEX (CANada/AMerica/MEXico) corridor, Alberta Transportation continues to work with stakeholders from the CANAMEX Corridor Coalition, Western Association of State Highway and Transportation Officials, Pacific NorthWest Economic Region, Montana Alberta Boundary Advisory Council, United States Federal Highway Administration, individual United States state transportation officials and the Alberta Motor Transport Association. Co-operative efforts have also extended to the Montana Department of Transport in the operation of a joint commercial vehicle inspection station. Presentation of Alberta Transportation initiatives were made to the University of Calgary Centre for Transportation Engineering & Planning and other forums.
- The number of routes where long combination vehicles are allowed to travel was expanded. An analysis was undertaken to study the market opportunities for long combination vehicles, and to evaluate the impact of bridge weight restrictions on freight traffic flow issues along the CANAMEX Corridor.

Improve air transportation

- The department funded the "Inventory of Alberta Regional and Local Airports" project which was managed by the Aviation Strategy Action Group. The project examined 162 airports in Alberta including providing an inventory of existing airport facilities; assessing each airport facility's conditions; forecasting future infrastructure needs; and estimating replacement costs.
- The department participated with all other provinces in the "Study of the Viability of Smaller Canadian Airports". This study examined the viability of 26 smaller airports in Canada (three of which were in Alberta) to determine current and future financial positions, given the ongoing restructuring in the air transportation industry.
- Under the newly formed Council of Western Provincial Transportation Ministers, Alberta Transportation worked collaboratively with the other western provinces on a joint submission to encourage the federal government to significantly reduce the Air Travellers Security Charge.

Work with other jurisdictions in pursuing national programs and federal legislation to improve transportation of goods

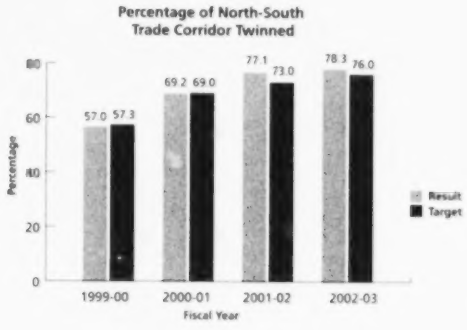
- During the reporting period, the federal government released their *Straight Ahead* transportation vision for Canada, and introduced various pieces of legislation with the aim of amending the *Canada Transportation Act*, the *Rail Safety Act* and enacting the *VIARail Canada Act*. Alberta Transportation participated in the process by providing input to ensure the needs of Alberta shippers, carriers, and customers would be well served by the proposed changes in federal economic regulations regarding transportation. In addition, Alberta Transportation, along with the other members of the Council of Western Provincial Transportation Ministers, prepared a response to the federal panel reviewing the *Canada Marine Act*.
- Alberta Transportation ensured a smooth national implementation of the Clear Language amendments to the dangerous goods legislation, working closely with Transport Canada, all jurisdictions and the affected industry to implement nationally uniform requirements for the transportation of dangerous goods.
- The department is leading an interdepartmental committee on the review of the proposed *Canada Airports Act*. This committee will be assessing the impact that this proposed federal legislation will have on existing provincial legislation and regulations.

Performance Measure

Construction Progress on the North-South Trade Corridor

This measure is a percentage (urban and rural) of the North-South Trade Corridor that is twinned and open to travel. The corridor extends from Coutts at the Alberta-United States border to the British Columbia border west of Grande Prairie, connecting Alberta to the Alaska Highway. It consists of 1,175 kilometres of highway, of which nearly 100 kilometres are within cities. The percentage is calculated by totaling the number of kilometres twinned and open to travel versus the total kilometres of the corridor. Information for this measure is generated by Alberta Transportation.

Results



About the Results

Alberta Transportation has completed twinning 78.3 per cent of the North-South Trade Corridor, exceeding its target of 76.0 per cent. This year, a total of 15.0 kilometres were twinned and opened to travel, for a total of 920.7 kilometres completed to date.

The North-South Trade Corridor forms part of the CANAMEX Corridor (CANada/AMerica/MEXico) which links the three countries and stretches some 6,000 kilometres from Anchorage, Alaska to Mexico City, Mexico. The goals of the CANAMEX Corridor are to improve access for the north-south flow of goods and people; increase transport productivity and reduce transport costs; promote a seamless and efficient inter-modal transport system; and reduce administration and enforcement costs through harmonized regulations.

Alberta's North-South Trade Corridor is a key component of the CANAMEX Corridor and is vital to the efficient movement of goods across the Canada-United States border at Coutts. Nearly $1.9 billion in trade is transported across the Canada-United States border every day. Alberta is Western Canada's largest economy and transports over 80 per cent of its exports to the United States. At the Coutts/Sweetgrass border crossing, truck volumes have increased, on average, 9.1 per cent per annum during the last decade.

In order to continue to enhance Alberta's economic competitiveness, the trucking industry must be able to respond to the demands of the growing economy. Continued economic viability depends largely on Alberta's ability to respond to the demands generated by the opening of new markets, just-in-time manufacturing and retailing, and e-business. Continued twinning of the North-South Trade Corridor will not only enhance safety of the travelling public, but also reduce costs for the trucking industry through time savings.

A significant trend that has impacted the future programming of this major initiative was the changing economic picture that occurred across North America in 2001. Reduced revenues have resulted in reduced funding availability for new construction and therefore the overall completion of the twinning of the corridor has been extended to 2011, subject to future funding availability.

CITIES NOT OF EQUAL SCALE

EDMONTON

CALGARY

GRANDE PRAIRIE

LETHBRIDGE

Proposed
Completed

Results Analysis

Goal 6 supports all four Ministry Core Businesses

Build a skilled and productive workforce by implementing the Human Resource Plan

- The 2002-05 Human Resource Plan for Alberta Transportation, *People Strategies for Success* continued to provide an updated framework for human resource issues and initiatives critical to Alberta Transportation. The document clearly outlined a comprehensive approach to address critical Alberta Transportation human resource issues and the alignment of departmental initiatives with, and continued implementation of, the Corporate Human Resource Development Strategy.
- In November 2002, the Ministries of Alberta Transportation and Alberta Infrastructure received government approval to reorganize how financial services are delivered to the two ministries. This resulted in a change from shared financial services, to a new structure which provides separate dedicated resources to each Ministry. One of the key benefits of a dedicated financial group is an increased ability to understand and meet the specific business needs of Alberta Transportation.
- Alberta Transportation continued to work in partnership with Alberta Infrastructure to achieve efficiencies through sharing Corporate Services Division staff. Shared functions currently include information technology and human resources.

Establish a Business Resumption Plan to address key departmental services in response to disasters or major emergencies

- The department's Business Resumption Plan (BRP) was developed and submitted to Emergency Management Alberta by March 31, 2003. This initiative is ongoing. Maintenance, testing and education are areas of continuous improvement. Information Technology Services continue to be addressed with EDS Canada Inc. and Alberta Corporate Services Centre. Records Management needs have been identified and work continues in conjunction with Records Management staff.
- The department's Business Resumption Plan addresses key departmental services, identifies potential risks to specific areas, and displays an organizational model.

Enhance training and development opportunities for staff

- The department continued to develop the Internship Program. The program was designed to provide employment opportunities in the department for recent post secondary graduates. Implementation began in the fall of 2002, and internship assignments were recruited during the January to April 2003 period. Seven interns were hired, and began their assignments between February and May 2003. The program will continue to help address departmental demographic issues as recruitment campaigns associated with this program are targeted to attracting new, younger talent into the organization.

- Participation in the Transportation Infrastructure Career Development Program (TICDP) continued in partnership with the Alberta Roadbuilders and Heavy Construction Association and the Consulting Engineers of Alberta. Assignments for three students participating in the program were provided by the department during the 2002-03 fiscal year.

- The department continued to participate actively in Co-op Education programs with post secondary institutions. Three students received Co-op work experience assignments in the 2002-03 year. In addition to helping students achieve their academic requirements for post secondary degrees, these assignments afford them the opportunity to obtain work experience in the department. The department also provided 11 "Motor Transport Trainee" summer work experience assignments for students enrolled in post-secondary Law Enforcement programs, and employed an additional 10 students in various capacities over the summer months. These experiences provide students with an increased awareness of the nature of work available within the department and may increase their willingness to consider a career within the public sector upon graduation.

- The Ambassador Program continued with experienced departmental staff volunteering as ambassadors to speak and answer questions at career fairs, schools, professional association events, and other venues. This program promotes the department and enables students to gain a broader understanding of the nature of the work that we undertake.

- The Corporate Employee Survey was introduced in the Government of Alberta in 2002-03. This survey replaced the previous Core Measures Survey that measured cross-government and departmental results on performance measures associated with the Corporate Human Resource Development Strategy (CHRD). Questions designed to gather performance measures information associated with the CHRD Strategy continued to be included in the Corporate Employee Survey. New questions designed to measure employee satisfaction were added, eliminating the need for the department to conduct the annual Work Climate Survey. Results from the 2002-03 Corporate Employee Survey indicate that employees are satisfied with their employment within the department and feel valued. Departmental results in all areas surveyed are higher than results for government employees overall.

- The ongoing efforts of the Wellness at Work Team provided opportunities for staff involvement in various activities important in promoting wellness and improving the quality of working life for employees. This team of Transportation and Infrastructure staff organized wellness events such as a fundraiser for cancer research, the annual provision of flu shots and noon-hour yoga classes.

- The second Client Satisfaction Survey was undertaken in 2002, with results reported in the performance measures section. This Client Satisfaction Survey will now be conducted every two years, with the next survey undertaken in 2004. Information received from the survey will be used to enhance the quality of services.

Performance Measure

Alberta Transportation strives to foster an organization where clients enjoy doing business with the department. In order to measure the satisfaction of clients with the services provided by the department, a Client Satisfaction Survey was conducted for calendar years 2000 and 2001. A private consultant, on behalf of the Ministry, undertook the survey. This ensures the confidentiality of the individual results. The information received from the survey is used to enhance the services that are delivered.

This measure provides an overall indication of our clients' satisfaction with the services provided by Ministry staff.

In order to allow for sufficient time for the Ministry to develop and implement strategies to effectively deal with the results of the client satisfaction survey, the survey will now be conducted every second calendar year with the next survey being conducted in January 2004.

Client satisfaction is measured according to a six-point scale where 1 represents very unsatisfied and 6 is very satisfied. In 2001, clients rated Alberta Transportation at 4.5, which falls between somewhat satisfied and satisfied. The results represent the average rating for overall quality of service for the key department service areas combined. On average, the results are accurate within ± 0.2, 95 per cent of the time.

The results for the 2000 survey included Alberta Infrastructure, and resulted in a total combined score of 4.4. Following the formation of the Ministries of Infrastructure and Transportation in the spring of 2001, the results from the prior year's survey were separated into two reports to enable the Ministry to compare the results from year to year.

The 2001 survey was delivered to 2,698 clients. Clients are defined as organizations that interact directly with Alberta Transportation. The general public, and indirect clients who received services through a third-party provider, are not included in the survey due to their limited direct interaction with the Ministry. There were a total of 760 surveys completed and returned for a response rate of 28.2 per cent.

The respondents were asked to rate the Ministry on eight key service areas for:

- Clarity of written materials
- Ease of access to information
- Ease of access to services
- Consistency of services
- Timeliness of service delivery
- Proficiency of staff
- Courtesy of staff
- Overall quality of services

The Ministry considers the results and the information provided by the survey in strategic planning to address/improve the satisfaction of clients in the future. The Ministry's commitment to providing quality service to our clients is illustrated by outstanding results for proficiency and courtesy of staff, where the Ministry scored 4.6 and 4.8 respectively.

Trends Impacting the Measures

Client satisfaction ratings can be impacted by the last interaction a client may have had with the Ministry. In 2001-02, due to the fiscal realities of decreased government revenues, tough decisions had to be made quickly respecting the deferral of projects and reductions in grant funding to municipalities. Alberta Transportation will continue to make every effort to ensure that clients are apprised of program, policy and legislative changes in a proactive manner.

Additional Achievements

The Results Analysis portion of this report provides information on many of the Ministry's achievements that align with its goals. In addition to those already reported, Alberta Transportation has:

Premier's Award of Excellence

The department received a Silver Award of Excellence for its submission on "Enhancing Competitiveness/Efficiency in Highway Maintenance". This project had included work done by several department/stakeholder committees on phase two of the highway maintenance Request for Proposal process.

Transportation and Civil Engineering received a bronze award for recognizing the needs to realign and improve administrative processes to match the department's re-engineering.

A bronze award recognized a collaborative effort between Finance and Business Management and Transportation and Civil Engineering using the Contract Management System (CMS) to simplify a complex, labour intensive process, creating a single-source solution to a business problem. CMS combines information from Alberta Transportation's Contract Program Management System (CPMS) and the Alberta Government Integrated Management and Information System (IMAGIS) to improve Transportation's process for reporting financial commitments.

Inspection Services was also awarded a bronze award for their Inspection Services Law Enforcement Accreditation initiative, and in doing so became the first non-police enforcement organization to be accredited by the Commission on Accreditation for Law Enforcement Agencies.

ACE Award

In 2002, Alberta Transportation received an ACE Award for the "Protects Your Brain and Proves You Have One" bicycle helmet poster.

National Transportation Award

Alberta Transportation, Inspection Services received a National Transportation Award in conjunction with Lethbridge Community College (LCC) for training programs at LCC.

North American Inspectors' Championship

Alberta Transportation, Inspection Services participated in the North American Inspectors' Championship. A Transport Officer represented Alberta at this international competition and placed in the top ten out of 55 commercial vehicle inspectors from across North America.

Submission to the Financial Management Commission

Developed a submission to the Financial Management Commission recommending the establishment of a Capital Fund and other solutions toward a new fiscal framework for funding capital investments. The Commission released its report on July 8, 2002 incorporating many of the Ministry's recommendations. As a result of the Commission report, the Government introduced legislative amendments for a new fiscal framework in February 2003.

A Look to the Future

A number of major initiatives will be priorities over the next several years as Alberta Transportation continues to provide quality infrastructure to meet the needs of Albertans. The Ministry will:

Traffic Safety Act

Continue to develop new and revised regulations under the *Traffic Safety Act* to address safety issues and new initiatives, including the Graduated Driver Licensing Program. On December 11, 2002, the *Traffic Safety Act* and the *Traffic Safety Amendment Act* were proclaimed, and will come into force May 20, 2003. Inspection Services' Transport Officers Basic Recruit Training Courses are being updated to reflect the *Traffic Safety Act*.

Public Highways Development Act/City Transportation Act

Review the *Public Highways Development Act* and the *City Transportation Act* to reflect the new provincial highway network, remove obsolete sections of the legislation, and update the legislation to current standards. These revisions will reflect the change in responsibility to Alberta Transportation for Secondary Highways, and key highways in some cities, following the work of the Premier's Task Force on Infrastructure.

North-South Trade Corridor

Continue developing the North-South Trade Corridor between Coutts, Alberta and the British Columbia border west of Grande Prairie. This development is in harmony with the province's Economic Development Strategy, and reaffirms the Government of Alberta's business plan goal of providing effective and efficient infrastructure. Alberta/United States trade has increased significantly since the North American Free Trade Agreement (NAFTA) was signed in 1993, and trucks carry over $12 billion per year to and from the United States. At the start of 2002, the North-South Trade Corridor project included twinning 200 kilometres of through highway and the construction of 50 kilometres of urban "ring road connectors" through the cities of Calgary and Edmonton. Upon completion, the total length of the corridor will be 1,175 kilometres of four-lane divided highway. The total North-South Trade Corridor project is expected to be completed by 2011, subject to available funding.

Capital Planning Initiative

Collaborate with Alberta Finance, Alberta Infrastructure and other key Ministries to develop a ten-year plan for capital projects. Alberta Transportation will lead this cross-ministry Capital Planning Initiative, and support effective funding decisions with a long-term capital plan for both government-owned and supported infrastructure. Development of government guidelines and conditions for Alternative Capital Financing and business case criteria for capital projects, with a focus on public-private partnerships in the provision of infrastructure is included in this initiative. A direct benefit to Alberta Transportation will be implementation of an effective, independently verifiable Transportation Infrastructure Management System to improve planning and priority setting of transportation projects.

New Fiscal Framework

Alberta Transportation made a presentation to the Financial Management Commission (FMC) outlining concerns with the base budget shortfall and variable funding levels impacting our ability to effectively and efficiently deliver Transportation's Capital Construction Program, and hinder government grant commitments to municipalities. The government has accepted most of the FMC recommendations and is implementing a new fiscal framework, which will provide more stable long-term funding for transportation and encourage innovative and cost-effective provisions for infrastructure.

Fatigue Management Pilot Program for Commercial Drivers

Continue the pilot program to determine the effectiveness of the fatigue management program for commercial drivers. Fatigue is believed to contribute to many collisions involving large vehicles. To address this, Alberta Transportation, in partnership with Transport Canada, the Province of Quebec and the United States Federal Motor Carrier Safety Administration initiated a fatigue management pilot program for commercial drivers. An evaluation of that pilot program's effectiveness as a counter-measure to driver fatigue is being undertaken to determine its potential effectiveness as an ongoing initiative.

Out-of-Province and Written-off Vehicles

Develop the administrative process to license the inspection of out-of-province and written-off vehicles by private sector mechanics and their facilities in conjunction with the Out-of-Province and Written-Off Vehicle Inspection Program. A safety inspection is required on all motor vehicles last registered in another jurisdiction or repaired from a "written-off" status before they can be registered in Alberta. This program revision will be implemented in May 2003.

Advanced Traveller Information System

Proceed with the development of a blueprint for an advanced traveller information system on Highway 2 between Calgary and Edmonton, including deployment of two dynamic message signs on Highway 2 in the Red Deer area. This is a cost-shared initiative with the federal government under the federal Intelligent Transportation Systems Deployment and Integration Plan. The blueprint study is expected to be completed by July 2003. The dynamic message signs will be installed in the fall of 2003. The Ministry is also working with the federal government and other jurisdictions to develop a road weather information system (RWIS) on the national highway system. This system will complement the advanced traveller information system in providing timely weather and road conditions to the travelling public. Other applications include integrating RWIS technologies into maintenance practices to address anti-icing strategies.

Joint Border-Crossing Facility

Continue to develop, in partnership with Canadian and United States governments and the State of Montana, the new joint use border-crossing facility at Coutts/Sweetgrass. This is the fastest-growing commercial crossing in Canada, at approximately nine per cent a year for the last eight years. The new border-crossing facility will streamline operations and provide increased capacity for commercial and non-commercial traffic. Initial construction began in 2001, and when completed, the site will have six northbound lanes and five southbound lanes, with one lane in each direction dedicated to trucks, and designed for future Intelligent Transportation Systems (ITS) capabilities. The joint border-crossing facility is scheduled to be completed and open to traffic by August 2003.

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Auditor's Report

AUDITOR GENERAL
Alberta

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Transportation as at March 31, 2003 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policy that is an exception from Canadian generally accepted accounting principles. The Ministry reports the costs of site remediation and reclamation in the period in which the remediation and reclamation work is performed rather than in the periods in which the liabilities arise. In my opinion, the Ministry should estimate the cost and record the liability for sites that do not meet the acceptable contractual or environmental standards. The estimate of the liability should be refined each year, as the extent of required remediation and reclamation work becomes known. The effect of this departure from Canadian generally accepted accounting principles is significant.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Ministry of Transportation as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
May 23, 2003

FCA
Auditor General

MINISTRY OF TRANSPORTATION

STATEMENT OF OPERATIONS

Year ended March 31, 2003

(in thousands)

	2003 Budget (Schedule 4)	2003 Actual	2002 Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 65,000	$ 65,000	$ 70,000
Transfers from Government of Canada	1,400	1,596	246
Fees, Permits and Licenses	14,460	14,832	15,459
Other Revenue			
Refunds of Expenditures	1,225	8,193	2,378
Miscellaneous	790	2,880	2,609
	82,875	92,501	90,692
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	19,235	28,895	22,167
Construction, Upgrading and Operation of Infrastructure	631,347	644,137	903,759
	650,582	673,032	925,926
Statutory			
Valuation Adjustments			
Provision (Decrease) for Doubtful Accounts	-	(16)	44
Provision (Decrease) for Vacation Pay	-	16	(148)
	-	-	(104)
	650,582	673,032	925,822
Loss on Disposal of Capital Assets	-	6,765	6,932
Net Operating Results	$ (567,707)	$ (587,296)	$ (842,062)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION

STATEMENT OF FINANCIAL POSITION

As at March 31, 2003

	(in thousands) 2003	2002
ASSETS		
Cash	$ 4,222	$ 237
Accounts Receivable (Note 4)	5,977	4,568
Advances (Note 5)	101	138
Inventories (Note 6)	9,435	9,243
Capital Assets (Note 7)	6,596,025	6,526,119
	$ 6,615,760	$ 6,540,305
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 125,644	$ 80,833
Holdbacks Payable	9,855	13,944
	135,499	94,777
NET ASSETS		
Net Assets at Beginning of Year	6,445,528	4,364,964
Net Operating Results	(587,296)	(842,062)
Acquisition of Highways and Bridges (Note 13)	-	1,829,739
Net Transfer from General Revenues	622,029	1,092,887
Net Assets at End of Year	6,480,261	6,445,528
	$ 6,615,760	$ 6,540,305

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended March 31, 2003

	(in thousands) 2003	2002
Operating Transactions		
Net Operating Results	$ (587,296)	$ (842,062)
Non-cash Items:		
Amortization (Schedule 5)	185,210	160,362
Loss on Disposal of Capital Assets	6,765	6,932
Non-Cash Adjustment	(751)	(668)
Consumption of Inventory (Schedule 5)	18,964	13,339
Valuation Adjustments	-	(104)
	(377,108)	(662,201)
(Increase) Decrease in Accounts Receivable	(1,393)	2,030
(Increase) Decrease in Advances	37	(14)
Increase in Accounts Payable and Accrued Liabilities	44,795	33,919
Increase (Decrease) in Holdbacks Payable	(4,089)	2,932
Cash (Used) by Operating Transactions	(337,758)	(623,334)
Investing Transactions		
Purchase of Capital Assets (Schedule 5)	(308,391)	(465,873)
Purchase of Inventories (Schedule 5)	(18,405)	(15,872)
Transfer of Assets to Other Government Entities (Schedule 7)	46,108	12,382
Proceeds from Disposal of Capital Assets	402	43
Cash (Used) by Investing Transactions	(280,286)	(469,320)
Financing Transactions		
Net Transfer from General Revenues	622,029	1,092,887
Net Cash Provided	3,985	233
Cash, Beginning of Year	237	4
Cash, End of Year	$ 4,222	$ 237

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2003

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Transportation operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Minister is responsible for:

- the development, construction and maintenance of an integrated transportation system to facilitate the safe and efficient movement of people and products, and the economic development of the Province;
- assisting in the provision of municipal water supply and waste water facilities;
- administering and providing funding for the Infrastructure Canada-Alberta Program which funds a wide variety of municipal infrastructure projects; and
- Water Management Infrastructure.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Ministry of Transportation which consists of the Department of Transportation for which the Minister of Transportation is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer (to) from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated Revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- government transfers which are transfers of money to an individual, an organization or another government for which the Ministry does not receive any goods or services directly in return. They are often referred to as grants. Expenses are recognized as follows:
  - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs;
  - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur; and
  - grants, which are transfers made at the discretion of government, are recognized when payment is authorized.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 8.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Inventories are valued at lower of cost or replacement cost.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000. All land is capitalized.

Capital assets of the Ministry include work in progress for buildings, computer hardware and software, highways and bridges. These costs are capitalized but not amortized until the asset is in service.

Donated capital assets are recorded at their fair value at the time of contribution.

When physical assets (capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets, less any nominal proceeds, are recorded as grants in kind.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net Assets

Net assets represents the difference between the value of assets held by the Ministry and its liabilities.

Site Remediation and Reclamation

Certain liabilities may exist for site remediation and reclamation which may be the responsibility of the Ministry but are not quantified. The potential costs relate to restoring building and other sites to acceptable contractual or environmental standards. Costs for site remediation and reclamation are recognized in the financial statements when work is undertaken. No annual provision is made for future site remediation and reclamation.

Year ended March 31, 2003

NOTE 3 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their book values.

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2003			2002
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Transfers from Government of Canada	$ 1,596	$ -	$ 1,596	$ 239
Fees, Permits and Licenses	3,313	36	3,277	3,422
Cost Recoveries	1,104	-	1,104	907
	$ 6,013	$ 36	$ 5,977	$ 4,568

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 ADVANCES

(in thousands)

	2003			2002
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Travel advances (1)	$ 101	$ -	$ 101	$ 138

(1) The Ministry has used funds advanced by Alberta Finance to provide travel advances.

NOTE 6 INVENTORIES

(in thousands)

Inventories consist of consumables for the delivery of highway transportation programs.

	2003	2002
Sand, salt and gravel	$ 9,435	$ 9,243

Year ended March 31, 2003

NOTE 7 CAPITAL ASSETS

(in thousands)

The cost of assets and the related accumulated amortization for the Ministry are summarized below.

		2003			2002
	Estimated Useful Life	Cost (2)	Accumulated Amortization	Net Book Value	Net Book Value
Land	Indefinite	$ 318,197	$ -	$ 318,197	$ 306,414
Buildings	40 years	17,472	6,178	11,294	11,154
Equipment	5-10 years	10,507	5,234	5,273	5,049
Computer hardware and software	3-10 years	58,994	27,211	31,783	31,049
Provincial highways and roads (1)	50 years	7,498,568	2,016,665	5,481,903	5,438,105
Bridges	50 years	785,341	194,373	590,968	567,926
Dams and water management structures (3)		156,607	-	156,607	166,422
		$ 8,845,686	$ 2,249,661	$ 6,596,025	$ 6,526,119

(1) Highways include original pavement, roadbed, drainage works, and traffic control devices.
(2) Included in the cost of land, buildings, equipment, computer hardware and software, Provincial Highways, roads, bridges, and dams and water management structures is work in progress amounting to $297,156 (2002 - $240,515).

(3) Dams and water management structures are constructed by the Ministry and transferred to the Department of Environment upon their completion. The Ministry of Transportation does not amortize these assets.

NOTE 8 STRATEGIC HIGHWAY INFRASTRUCTURE PROGRAM

In August 2001, the Alberta Government and the Federal Government signed a five-year Strategic Highway Infrastructure Program (SHIP) agreement. Under the agreement, the two governments will share the costs of certain projects for the construction and rehabilitation work on the national highway system in the Province. Alberta Transportation will undertake the projects and the Federal Government will reimburse 50% of the eligible cost of approved projects.

Transfers from the Federal Government are recognized as revenue when eligible expenses are incurred. The full cost of the project is being capitalized and amortized over the useful life of the infrastructure.

Year ended March 31, 2003

NOTE 9 COMMITMENTS

(in thousands)

As at March 31, 2003, the Ministry had the following commitments:

	2003	2002
Commitments for Capital Investment		
Construction Contracts	$ 192,019	$ 200,042
Information Technology Agreements	7,204	4,387
	199,223	204,429
Commitments for Operating Expense		
Service and Maintenance Agreements	301,619	209,996
Grants	168,131	76,571
Long-term Leases (a)	1,538	2,244
	471,288	288,811
Total Operating and Capital Investment	$ 670,511	$ 493,240

(a) The Department leases vehicles under operating leases that expire on various dates to 2007. The aggregate amounts payable for the unexpired terms of theses leases are as follows:

2004	$ 982
2005	460
2006	87
2007	9
	$ 1,538

NOTE 10 CONTINGENCIES

(in thousands)

At March 31, 2003, the Ministry is a defendant in 168 legal claims (2002 - 141 legal claims). 114 of these claims have specified amounts totaling $385,597 and the remaining 54 have not specified any amount (2002 - 107 claims with a specified amount of $282,643 and 34 with no specified amount). Included in the total legal claims are 5 claims in which the Ministry has been jointly named with other entities, 5 of which have specified claims amounting to $205,038. Seventy-six claims amounting to $ 52,876 are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Year ended March 31, 2003

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2003, the Ministry had under administration the Impaired Driving Initiatives Trust Fund with a balance of $6 (2002 - $5).

NOTE 12 PAYMENTS UNDER AGREEMENT

(in thousands)

The Ministry has entered into agreements to deliver programs and services that are partly funded by the Government of Canada. Costs incurred under these agreements are made by the Ministry under authority of the Financial Administration Act, Section 25. Amounts paid and payable under agreements with program sponsors are as follows:

	2003	2002
Government of Canada (program sponsor)		
Infrastructure Canada - Alberta Program	$ 16,813	$ 3,456
Improvement District # 5 (program sponsor)		
Kananaskis Improvement District roadway maintenance	73	73
	$ 16,886	$ 3,529

NOTE 13 ACQUISITION OF SECONDARY HIGHWAYS AND CERTAIN ARTERIAL ROADWAYS IN CITIES

On September 7, 1999, the government announced a new transportation plan which included significant changes in responsibility for highways in the Province. Effective April 1, 2000 the Ministry assumed responsibility for the construction and maintenance of secondary highways in the province plus key arterial roadways within the cities of Calgary, Edmonton, Fort McMurray, Medicine Hat, Lethbridge, and Grande Prairie. In the period from April 1, 2000 to March 31, 2002, the assets were transferred to the Province.

The Ministry valued the assets at an amortized estimated historical cost and recorded the acquisition as an adjustment to net assets.

Year ended March 31, 2003

NOTE 14 DEFINED BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of $2,920 for the year ended March 31, 2003 (2002 - $2,612).

At December 31, 2002, the Management Employees Pension Plan reported a surplus of $301,698 (2001 - $5,338) and the Public Service Pension Plan reported an actuarial deficiency of $175,528 (2001- actuarial surplus $320,487). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $6,472 (2001 - deficiency $399).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2003, the Bargaining Unit Plan reported an actuarial deficiency of $14,434 (2002 - $8,646) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $3,053 (2002 - $2,656). The expense for these two plans is limited to employer's annual contribution for the year.

NOTE 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS

SCHEDULE 1

Year ended March 31, 2003

(in thousands)

	2003 Budget	2003 Actual	2002 Actual
Internal Government Transfers			
Transfer from Lottery Fund	$ 65,000	$ 65,000	$ 70,000
Transfers from the Government of Canada			
Cost Recoveries and Contributions	1,400	1,596	246
Fees, Permits and Licenses			
Motor Transport Services	14,460	14,586	15,246
Other	-	246	213
	14,460	14,832	15,459
Other Revenue			
Refunds of Expenditure			
Previous Years' Refunds	1,000	6,560	2,133
Brazeau River Bridge Repair	-	1,404	-
Railway Relocations	225	229	245
	1,225	8,193	2,378
Miscellaneous			
Cost Recoveries	500	2,057	1,636
Other	290	823	973
	790	2,880	2,609
	$ 82,875	$ 92,501	$ 90,692

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS

SCHEDULE 2

DEDICATED REVENUE INITIATIVES

For the year ended March 31, 2003

	(in thousands) 2003		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
National Safety Code	$ 650	$ 680	$ 30
Strategic Highway Infrastructure Program	1,000	916	(84)
Brazeau River Bridge Repair	1,500	1,404	(96)
	$ 3,150	$ 3,000(1)	$ (150)

(1) Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

National Safety Code
The Federal Government provides financial assistance to the provincial/territorial jurisdictions to assist in achieving consistent implementation of the National Safety Code. The Federal Government has agreed to contribute $680 per year for 3 years beginning in 2001/2002 and terminating in 2003/2004.

Strategic Highway Infrastructure Program
In August 2001, the Department entered into a five-year agreement with the Federal Government for construction and rehabilitation work on the highway system in the province. The dedicated revenue is the Federal Government's 50% share of eligible expenditures to March 31, 2003.

Brazeau River Bridge Repair
The Department has agreed to share equally with a private company, the cost of repairing the Brazeau River Bridge. The dedicated revenue is the private industry's 50% share of expenditures to March 31, 2003.

The above dedicated revenues are included in the Statement of Operations.

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS

SCHEDULE 3

EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT

Year ended March 31, 2003

(in thousands)

	2003 Budget	2003 Actual	2002 Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 52,941	$ 51,179	$ 47,289
Supplies and Services	274,815	290,618	304,611
Grants	138,835	126,951	400,258
Financial Transactions and Other	51	110	67
Amortization of Assets	183,940	204,174	173,701
Total Voted Expenses	$ 650,582	$ 673,032	$ 925,926

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS

SCHEDULE 4

Year ended March 31, 2003

(in thousands)

	2002-2003 Estimates	Adjustment (a)	2002-2003 Budget	Authorized Supplementary (b)	2002-2003 Authorized Budget
Revenues					
Transfer from Alberta Lottery Fund	$ 65,000	$ -	$ 65,000	$ -	$ 65,000
Transfers from Government of Canada	1,400	-	1,400	250	1,650
Fees, Permits and Licenses	14,460	-	14,460	-	14,460
Other Revenue	2,015	-	2,015	1,500	3,515
	82,875	-	82,875	1,750	84,625
Expenses - Directly Incurred					
Voted Expenses					
Ministry Support Services	19,235	-	19,235	-	19,235
Construction, Upgrading and Operation of Infrastructure	631,347	-	631,347	57,310	688,657
	650,582	-	650,582	57,310	707,892
Statutory Expenses					
Valuation Adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	-	-	-	-	-
	-	-	-	-	-
	650,582	-	650,582	57,310	707,892
Net Operating Results	$ (567,707)	$ -	$ (567,707)	$ (55,560)	$ (623,267)
Capital Investment	$ 242,700	$ -	$ 242,700	$ 70,900	$ 313,600
Dedicated Revenue Shortfall (Schedule 2)	-	(150)	(150)	-	(150)
	$ 242,700	$ (150)	$ 242,550	$ 70,900	$ 313,450

(a) Adjustment is for dedicated revenue shortfall.

(b) Supplementary estimates were approved on December 4, 2002 and March 10, 2003.
Treasury Board approval is pursuant to section 29(1.1) of the Financial Administration Act (for net budgeted initiatives).

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS

SCHEDULE 5

Year ended March 31, 2003

(in thousands)

	Estimates	Adjustment (a)	Budget	2002-2003 Authorized Supplementary (b)	Authorized Budget	Actual Expense (c)	Unexpended (Over Expended)
Voted Expenses and Capital Investment							
Ministry Support Services							
1.0.1 Minister's Office	$ 385		$ 385	$ -	$ 385	$ 339	$ 46
1.0.2 Deputy Minister's Office	385		385	-	385	419	(34)
1.0.3 Ministry Support Services			-				
- Operating Expense	18,465		18,465	-	18,465	28,137	(9,672)
- Capital Investment	6,000		6,000	-	6,000	11,791	(5,791)
TOTAL PROGRAM 1	**25,235**	-	**25,235**	-	**25,235**	**40,686**	**(15,451)**
Construction, Upgrading and Operation of Transportation Infrastructure							
2.1 Transportation Safety Services							
2.1.1 Transportation Safety Services	24,000		24,000	250	24,250	25,203	(953)
2.1.2 Transportation Safety Board	785		785	-	785	923	(138)
Total Sub-program	24,785		24,785	250	25,035	26,126	(1,091)
2.2 Highway Systems							
2.2.1 Provincial Highways							
- Operating Expense	237,600		237,600	15,000	252,600	240,524	12,076
- Capital Investment	185,200		185,200	65,900	251,100	256,218	(5,118)
- Capital Investment funded by Lotteries	20,000		20,000	-	20,000	20,000	
2.2.2 Other Road Infrastructure							
- Operating Expense	10,000		10,000	1,000	11,000	11,559	(559)
- Capital Investment	1,500		1,500	-	1,500	1,219	281
Total Sub-program	454,300		454,300	81,900	536,200	529,520	6,680
2.3 Municipal Partnerships							
2.3.1 Rural Transportation Partnerships							
- Operating Expense	28,176		28,176	-	28,176	1,025	27,151
- Operating Expense funded by Lotteries	15,000	(1,000)	14,000	-	14,000	14,000	
2.3.2 Resource Roads / New Industry							
- Operating Expense	14,000		14,000	-	14,000	5,876	8,124
- Capital Investment	1,000		1,000	-	1,000	205	795
2.3.3 Alberta Cities Transportation Partnerships	16,100		16,100	-	16,100	52,269	(36,169)
2.3.4 Streets Improvement Program	16,000		16,000	-	16,000	28,922	(12,922)
2.3.5 Municipal Water and Wastewater Grants	25,000		25,000	-	25,000	25,298	(298)
Total Sub-program	115,276	(1,000)	114,276	-	114,276	127,595	(13,319)
2.4 Water Management Infrastructure							
2.4.1 Water Management Infrastructure							
- Capital Investment	14,000		14,000	5,000	19,000	10,363	8,637
- Capital Investment funded by Lotteries	15,000	12,000	27,000		27,000	27,000	
Total Sub-program	29,000	12,000	41,000	5,000	46,000	37,363	8,637

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS

SCHEDULE 5

Year ended March 31, 2003

(in thousands)

	2002-2003						
	Estimates	Adjustment (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Actual Expense (c)	Unexpended (Over Expended)
2.5 Infrastructure Canada/ Alberta Program							
2.5.1 Infrastructure Canada/ Alberta Program							
Operating Expense	17,028		17,028		17,028	2,837	14,191
Operating Expense funded by Lotteries	15,000	(11,000)	4,000		4,000	4,000	
Total Sub-program	32,028	(11,000)	21,028		21,028	6,837	14,191
2.6 Program Services							
2.6.1 Program Services	28,718		28,718		28,718	27,527	1,191
Total Sub-program	28,718		28,718		28,718	27,527	1,191
2.7 Financial Transactions							
2.7.1 Amortization of Capital Assets	168,440		168,440	31,560	200,000	185,210	14,790
2.7.2 Consumption of Inventories	15,500		15,500	9,500	25,000	18,964	6,036
Total Sub-program	183,940		183,940	41,060	225,000	204,174	20,826
Dedicated Revenue Shortfall (Schedule 2)		(150)	(150)		(150)		(150)
TOTAL PROGRAM 2	**868,047**	**(150)**	**867,897**	**128,210**	**996,107**	**959,142**	**36,965**
	$ 893,282	**$ (150)**	**$ 893,132**	**$ 128,210**	**$ 1,021,342**	**$ 999,828**	**$ 21,514**
Program Operating Expense	620,582		620,582	57,310	677,892	655,032	22,860
Program Operating Expense Funded by Lotteries	30,000	(12,000)	18,000		18,000	18,000	
	650,582	(12,000)	638,582	57,310	695,892	673,032	22,860
Program Capital Investment	207,700	(150)	207,550	70,900	278,450	279,796	(1,346)
Program Capital Investment Funded by Lotteries	35,000	12,000	47,000		47,000	47,000	
	242,700	11,850	254,550	70,900	325,450	326,796	(1,346)
	$ 893,282	$ (150)	$ 893,132	$ 128,210	$ 1,021,342	$ 999,828	$ 21,514
Statutory Expenses							
Valuation Adjustments							
Provision for Doubtful Accounts	$	$	$	$	$	$ (16)	$ 16
Provision for Vacation Pay	$	$	$	$	$	16	(16)
	$	$	$	$	$	$	$

(a) Adjustment is for dedicated revenue shortfall and the reallocation of Lottery Fund funding.
(b) Supplementary estimates were approved on December 4, 2002 and March 10, 2003.
(c) Includes achievement bonus of $1,004.

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS

SCHEDULE 6

SALARY AND BENEFITS DISCLOSURE

Year ended March 31, 2003

	2003			2002
	Salary [1]	Benefits and Allowances [2]	Total	Total
Deputy Minister [3][5]	$ 176,573	$ 61,031	$ 237,604	$ 203,991
Other Executives				
Chair, Transportation Safety Board [4][5][6]	142,251	40,448	182,699	157,036
Assistant Deputy Minister, Transportation Safety Services [4]	142,251	36,556	178,807	45,363
Assistant Deputy Minister, Transportation and Civil Engineering	142,251	35,331	177,582	115,045
Assistant Deputy Minister, Policy and Planning [5]	142,251	35,978	178,229	13,918
Assistant Deputy Minister, Corporate Services [7]	-	-	-	147,184
Executive Director, Information Management Branch [7]	118,425	25,541	143,966	140,467
Executive Director, Human Resources [7]	117,530	25,879	143,409	128,765
Executive Director, Finance [7][8]	115,212	25,105	140,317	120,365

Prepared in accordance with Treasury Board Directive 12/98.

(1) Salary includes regular base pay, bonuses, overtime and lump sum payments.
(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.
(3) Automobile provided, no dollar amount included in benefits and allowances.
(4) The Chair of the Transportation Safety Board was also responsible for Traffic Safety Services until January 1, 2002 when the Assistant Deputy Minister , Transportation Safety Services position was created.
(5) The Assistant Deputy Minister, Planning and Policy position was created on March 13, 2002.
(6) Benefits and allowances include the following vacation payouts: Deputy Minister $11,313 (2002 $0); Chair, Transportation Safety Board $4,752 (2002 $0)
(7) The position of Assistant Deputy Minister, Corporate Services was shared with the Ministry of Infrastructure which contributed its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this schedule. The position of Assistant Deputy Minister, Corporate Services became vacant on February 12, 2002. Subsequently, the ADM position was eliminated and the Executive Directors of Information Management Branch, Human Resources and Finance became members of the Management Committee.
(8) The position was shared until November 2002 with the Ministry of Infrastructure which contributed its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this schedule.

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS

SCHEDULE 7

Year ended March 31, 2003
(in thousands)

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry receives services under contracts managed by ACSC. Any commitments under these contracts are reported by ACSC.

The Ministry had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2003	2002
Revenues		
Lottery Fund	$ 65,000	$ 70,000
	$ 65,000	$ 70,000
Expenses - Directly Incurred		
Air Transportation	$ 47	$ 46
Executive Vehicles/Central Vehicle Operations	26	48
ACSC	8,649	9,204
IT Services	1,725	762
	$ 10,447	$ 10,060
Transfers to Other Government Entities	$ 46,108	$ 12,382

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Other Entities	
	2003	2002
Revenue		
Road/Bridge Maintenance	$ 5,860	$ -
Expenses - Incurred by Others (Schedule 8)		
Accommodation	$ 3,956	$ 3,804
Legal	396	239
	$ 4,352	$ 4,043

MINISTRY OF TRANSPORTATION
SCHEDULE TO THE FINANCIAL STATEMENTS

SCHEDULE 8

Year ended March 31, 2003
(in thousands)

Program	2003 Expenses (1)	Expenses - Incurred by Others Accommodation Costs	Expenses - Incurred by Others Legal Services	Valuation Adjustments Vacation Pay	Valuation Adjustments Doubtful Accounts	2003 Expenses	2002 Expenses
Ministry Support Services	$ 28,895	$ 279	$ 41	$ (221)		$ 28,994	$ 22,571
Construction, Upgrading and Operation of Infrastructure	644,137	3,677	355	237	(16)	648,390	907,294
	$ 673,032	$ 3,956	$ 396	$ 16	$ (16)	$ 677,384	$ 929,865

(1) Expenses - Directly incurred as per Statement of Operations, excluding valuation adjustments.

THE FOLLOWING REPORTS ARE UNAUDITED

STATEMENT OF REMISSIONS, COMPROMISES AND WRITE-OFFS

FOR THE YEAR ENDED MARCH 31, 2003
(unaudited)

The following statement has been prepared pursuant to Section 23 of the Financial Administration Act. This statement includes all remissions, compromises and write-offs made or approved during the fiscal period.

	(in thousands)
Remissions under Section 21 of the Financial Administration Act:	
Total remissions	$ 0
Compromises under Section 22 of the Financial Administration Act:	
Total compromises	$ 0
Write-offs:	
Loans and advances	$ 4
Department Accounts Receivable	$ 116
Total remissions, compromises and write-offs	$ 120

List of Government Entities 2002-03 Annual Reports

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science

Entities Included in The Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCore Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards	Community Development
Calgary Community Board	
Central Community Board	
Edmonton Community Board	
Michener Centre Facility Board[2]	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

[1] Ministry includes only the Ministry so separate Ministry financial statements are not necessary.
[2] Dissolved July 23, 2002

Ministry, Department, Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

For additional copies of this
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